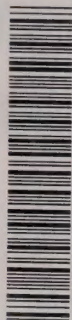


CAI
Z2
- C 52

800-21/004

Commonwealth
Publications



3 1761 11895509 5

ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unedited)



COMPTE RENDU TEXTUEL

(non révisé)

Halifax
November 28-29, 1985



Halifax
Les 28 et 29 novembre 1985

CAI

Z 2

- C 52

CAUTION

Readers should note that this verbatim transcript has not been verified by the speakers whose statements are reported herein, nor edited by the CICS. This document has no official status as a record of the Conference.

- - - - -

AVERTISSEMENT

Le lecteur est prié de noter que ce compte rendu textuel n'a pas été vérifié par les personnes dont les propos sont reproduits et qu'il n'a pas été révisé par le SCIC. Ce document ne constitue pas un compte rendu officiel de la Conférence.

[illegible]

1948 1 50 500 32 - 500 97 15

0010352 : a. 2A - 6" b.

00000000 0078

TABLE OF CONTENTS / TABLE DES MATIÈRES

A. <u>CONFERENCE SESSIONS / SÉANCES DE LA CONFÉRENCE</u>	<u>Page</u>
November 28, 1985 - Morning Session	1
Le 28 novembre 1985 - Séance du matin	
November 28, 1985 - Afternoon Session	115
Le 28 novembre 1985 - Séance de l'après-midi	
November 29, 1985 - Morning Session	201
Le 29 novembre 1985 - Séance du matin	
November 29, 1985 - Afternoon Session	325
Le 29 novembre 1985 - Séance de l'après-midi	
 B. <u>CONFERENCE PROCEEDINGS / DÉLIBÉRATIONS DE LA CONFÉRENCE</u>	
Welcome by the Rt. Hon. Brian Mulroney (Chairman) / Mot de bienvenu du très honorable Brian Mulroney (Président)	1
Welcome by the Hon. John Buchanan (Premier, Nova Scotia) / Mot de bienvenu de l'honorable John Buchanan (Premier ministre, Nouvelle-Écosse)	2-3
 <u>Review of the State of Federal-Provincial Relations and Opening Statements / Revue des relations fédérales- provinciales et déclarations d'ouverture</u>	
Canada	4-14, 49, 54-55, 63-65, 73-74, 100, 407
Ontario	23-35
Québec	36-48
Nova Scotia / Nouvelle-Écosse	14-22
New Brunswick / Nouveau-Brunswick	56-63

Manitoba	65-73
British Columbia / Colombie-Britannique	74-84
Prince Edward Island / Ile-du-Prince-Édouard	85-91
Saskatchewan	92-99
Alberta	50-54
Newfoundland / Terre-Neuve	100-113

Overview of the economic and fiscal situation / Examen
de la situation économique et financière

Canada	117-129, 148-149, 157-158, 165, 174, 175, 176-177, 190, 199-200, 325-328, 407-408
Ontario	169-174, 175
Québec	129-132
Nova Scotia / Nouvelle-Écosse	193-199
New Brunswick / Nouveau-Brunswick	160-165, 177
Manitoba	150-157, 158
British Columbia / Colombie-Britannique	186-189
Prince Edward Island / Ile-du-Prince-Édouard	165-168
Saskatchewan	139-148
Alberta	190-192
Newfoundland / Terre-Neuve	177-185

Agriculture and Fisheries /
Agriculture et pêches

Canada	201-211, 228, 241-258, 279, 408
Ontario	318-319
Québec	241-258
Nova Scotia / Nouvelle-Écosse	295-304
New Brunswick / Nouveau-Brunswick	305-313
Manitoba	271-286
British Columbia / Colombie-Britannique	314-317
Prince Edward Island / Ile-du-Prince-Édouard	287-295
Saskatchewan	212-227, 395-396
Alberta	259-270
Newfoundland / Terre-Neuve	228-240

Trade / Commerce

Canada	116-117, 158-159, 201, 320-324, 408-409
Ontario	379-380
Québec	133-138
British Columbia / Colombie-Britannique	387-388
Saskatchewan	395
Alberta	397
Newfoundland / Terre-Neuve	352, 357

Economic and Social Development /
Développement économique et social

Canada	343-353, 409
Ontario	380-383
Québec	358-365
Nova Scotia / Nouvelle-Écosse	401-404
New Brunswick / Nouveau-Brunswick	365-367
Manitoba	368-371
British Columbia / Colombie-Britannique	383-389
Prince Edward Island / Ile-du-Prince-Édouard	374-378
Saskatchewan	392-396
Alberta	397-400
Newfoundland / Terre-Neuve	352-357

Closing Statements / Déclarations de clôture

Canada	407-411
Ontario	378-379
Nova Scotia / Nouvelle-Écosse	404-406
Manitoba	371-373
British Columbia / Colombie-Britannique	389-390
Prince Edward Island / Ile-du-Prince-Édouard	378
Saskatchewan	391-392
Alberta	400

Territorial Comments / Exposés des territoires

Canada	329, 343
Yukon	329-336
Northwest Territories / Territoires du Nord-Ouest	337-342

C. APPENDICES / ANNEXES

Appendix		Agenda of the Conference
	A	
Annexe		Ordre du jour de la conférence
Appendix		List of First Ministers and Ministers
	B	
Annexe		Liste des Premiers ministres et ministres
Appendix		Preparing for trade negotiations
	C	
Annexe		Préparatifs en vue des négociations commerciales



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

<https://archive.org/details/31761118955095>

ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unedited)

COMPTE RENDU TEXTUEL

(non révisé)

HALIFAX

November 28-29, 1985

Les 28 et 29 novembre 1985

Prepared by the

Rédigé par le

**INTERGOVERNMENTAL
DOCUMENT
CENTRE**

**CENTRE DE
DOCUMENTATION
INTERGOUVERNEMENTALE**

RT. HON. BRIAN M. MULRONEY (Prime Minister of Canada)

CHAIRMAN: Colleagues, Honourable Premiers, and ladies and gentlemen, as Chairman of the meeting I would like to wish you, along with all those Canadians watching us today, a most cordial welcome to this First Annual Summit of First Ministers.

We are here in the true spirit of federalism which led us all last February in Regina to sign a Memorandum of Agreement to hold an Annual First Ministers' Conference. I say «all of us», although I see three new faces around the table. At our First Ministers' Meetings individuals may change but I think the roles and responsibilities remain. Premier Peterson, Premier ministre Johnson and Premier Getty, I say simply, «Welcome aboard!» That is from an old timer like me. May we work together in mutual respect and friendship for the greatest good your respective provinces and for the whole country.

A messieurs Miller, Lévesque et Lougheed, qui nous observent sans doute avec un intérêt empreint de nostalgie, j'offre mes remerciements personnels et ceux de tous les Canadiens et Canadiennes pour ce qu'ils ont accompli tout au long de leur fructueuse carrière au service de leurs provinces respectives et du Canada tout entier. Ils nous ont quittés, mais nous ne sommes pas près de les oublier.

En fait, c'est à nous qu'il appartient aujourd'hui de réaliser un objectif qu'ils ont appuyé tous trois sans réserve: celui d'une conférence annuelle des premiers ministres où, selon les termes mêmes du protocole de Regina, nous allons faire le point sur l'état de la fédération, nous concerter sur les grandes orientations économiques et sociales du pays, planifier les travaux fédéraux-provinciaux pour l'année à venir et coordonner l'action de nos gouvernements sur les grands dossiers de l'heure. C'était ça l'objectif de Regina.

The five-item agenda for our Conference corresponds fully with this ambitious program.

As agreed, we begin this morning with a review of federal-provincial relations. We will then proceed to an examination of the nation's economic and financial situation, and devote the remainder of the day to the crucial issue of international trade. Friday morning, we will deal with the problems and challenges faced by two vital sectors of our economy -- agriculture and the fishery. In the afternoon, hopefully, we will be able to review our economic and social initiatives for fully developing the job potential of our regions. We are increasing investment and employment and for combatting the inequality which women face in our society.

As you know, colleagues, it fell to Premier Peckford in his role as Chairman of the Premiers' Conference to reconcile the views and proposals of the provinces so that we could adopt this agenda unanimously. I congratulate Premier Peckford on a job well done. Now, before we get down to business in a formal way, I would like to invite our host Premier Buchanan to reveal the secrets of the warm Nova Scotia hospitality which I, as a former Member of Parliament for Central Nova, enjoyed first-hand.

HON. JOHN M. BUCHANAN (Premier of Nova Scotia): Well, Mr. Prime Minister, I think you know all the secrets of Nova Scotia. You have been here.

Mr. Prime Minister, on behalf of all Nova Scotians, I extend to you, sir, and all of my colleague First Ministers, a most hearty welcome and in Gaelic, «Ciad mile failte», 100,000 welcomes to this seaside province, Nova Scotia/New Scotland,

and to you, Mr. Prime Minister, if I may say so, a welcome home.

Nova Scotians, Mr. Prime Minister, are most pleased that their historic province, being one of the original signatories to Confederation, is the site of the First Annual Conference of First Ministers. The first conference resulting, as you have said, from the Regina Memorandum of February. My continuing co-operation and consultation between governments by governments listening to people, we will build a stronger country, new prosperity in which all provinces will share fairly.

Nova Scotians, Mr. Prime Minister, are committed to doing our share. Mr. Prime Minister and colleagues, as well as welcoming you to Nova Scotia, I welcome you to our new World Trade and Convention Centre. Nova Scotians are proud of this facility which symbolizes our dedication to the achievement of economic renewal through international trade. I think, Mr. Prime Minister, in the atmosphere of Nova Scotia, particularly the friendliness of this great World Trade and Convention Centre, we will do much for Canada in the next two days.

THE CHAIRMAN: Thank you, Mr. Premier.

LE PRESIDENT: Passons maintenant à l'ordre du jour qui nous invite, à un premier tour de table, à faire le point sur l'état des relations entre nos deux ordres de gouvernement.

Le gouvernement du Canada a rendu public cette semaine un Rapport d'étape sur les relations fédérales-provinciales. Si nous voulons dresser ce matin un bilan honnête des relations entre nos gouvernements, il faut voir d'où nous partions en septembre 1984 et retracer un peu le chemin que nous avons parcouru depuis, car c'est notamment, je pense, sans partisanerie, mais pour briser l'impasse des relations fédérales-provinciales que les Canadiens et les Canadiennes ont choisi à l'automne 1984 d'élire une nouvelle équipe à Ottawa.

En fait, dans le discours du trône du 5 novembre 1984, mes collègues et moi avons soumis au peuple canadien un programme d'action inscrit à la triple enseigne de la réconciliation nationale, du renouveau économique et de la justice sociale et c'est à la réalisation de ces trois objectifs que nous avons consacré le meilleur de nos efforts depuis notre arrivée au pouvoir.

I will return a little later this morning to the second objective, when I deal with the national economic and fiscal situation. For the moment, I will merely point out that a real renewal of confidence, I think, colleagues, has taken place in Canada over the last year and it is a tribute to all governments represented around this table today.

It has resulted in a three per cent drop in interest rates, an increase in investment of some 20 per cent compared with the 1981 high, a 17 per cent increase in construction starts, a notable decline in unemployment with the creation of 333,000 new jobs during that period.

This does not mean that everything is perfect -- far from it. During this Conference we will be discussing a number of hard decisions that we have got to face if we are going to restore the nation's finances to lasting health. But I believe that we can take some satisfaction from the fact that practically all of the indicators forecast significant future growth for our economy. Moreover, Canada's economic recovery is now even more vigorous than that in the United States of America.

If gloom has given way to confidence, it is undoubtedly because our economic strategy, and I mean that collectively, all of us involved as partners in the federation has helped to restore this situation. Personally, peace and goodwill in federal-provincial relations for me is a nice objective but per se it has little value unless it translates into a mechanism for economic growth and new economic prosperity. I am like anybody else, if you gave me the option of being liked as opposed to being hated, I suppose I would want to be liked. There is nothing wrong with that, we are all the same in life. But the amelioration of federal-provincial relations is not a primary objective of mine simply because it is a nice thing to talk about. Because in a federal state a new sense of harmony is the only way where federal and provincial governments can co-operate, in my judgement, to bring about the kinds of economic prosperity that this country is capable of and which we have been witnessing together over the last year and which, I think, is now well on the road to a sustained economic recovery if we can maintain this harmony and this thrust.

I do not think this has happened by chance, what we have accomplished together. It has been the result of a deliberate decision at the federal level and a decision which I think was

eagerly welcomed and thoroughly supported by all provincial governments. From its beginnings, and increasingly since then, Canada has chosen to be a bilingual, multicultural country which provides equal opportunity for its citizens, or at least we ought to, citizens who live in provinces and regions differing widely in size, prosperity and culture. Governing this country demands that we not only preserve and renew our federal institutions, but that we also work at living a true federalism, a federalism deeply rooted in the hearts and minds of all those who work at both the federal and provincial levels.

What I mean by true federalism is very straight-forward. It is a mutual commitment to respect each government's specific jurisdictions, combined with a common will to coordinate the objectives, policies and programs of all governments so that regional concerns and the common good of the entire country can be equally well served. That is the spirit that has guided us over the last 12 months as we have worked to heal old wounds and develop a new and, hopefully, a better approach to federal-provincial relations.

First, we had to talk to each other and understand each other. After no fewer, believe it or not, than 438 federal-provincial meetings between First Ministers, Ministers and officials, that is what we have done together. We are now beginning to rediscover the language of genuine co-operation and frank consultation.

From our first informal meeting at Meech Lake in November of 1984, the Economic Conference in Regina, the Constitutional Conference on Aboriginal Rights in Ottawa, and now to the first Annual Conference of First Ministers, I think it is no exaggeration to say that a new atmosphere has developed among us affecting all of our federal-provincial relations. This new atmosphere is not just a matter of rhetoric; it is a reality borne out by the facts.

By signing a new Western Accord on Energy, we have restored to westerners, finally, their sense of belonging to Canada -- a sense that for several years, quite properly, was very severely weakened.

The energy agreement reached with Newfoundland has put an end to a bitter, protracted federal-provincial dispute that too long prevented, with dignity, the province of Newfoundland the capacity to develop its offshore resources to the benefit of Newfoundlanders and all Canadians.

The creation of a development fund for Nova Scotia's offshore resources and recent measures to reduce electricity rates on Prince Edward Island to a more equitable level are two more examples of federal-provincial cooperation that have benefited the residents of the Atlantic provinces.

Then there are the regional economic development agreements that were signed with all of the provinces, including B.C., Ontario and Quebec where, I think, previous negotiations had been largely unsuccessful.

In all, we have committed over \$3 billion, more than \$2 billion from the federal purse, to improving economic opportunities in this area for all regions of our country and stimulating investment and employment over the next five years.

Dans le cas du Québec, nous avons réussi à conclure une entente de développement économique régional qui respecte l'autonomie de cette province dans les domaines de sa compétence et qui assure des efforts déployés par les deux ordres de gouvernement pour revigorer certaines des régions et des secteurs les plus touchés par le marasme des dernières années. Et j'ose espérer que pareil progrès va encourager le Québec à redevenir un partenaire actif de la fédération canadienne pour tout ce qui touche notre vie collective, y compris la constitution et la réforme de nos institutions fédérales.

À ces gestes évidents de coopération fédérale-provinciale, il convient d'ajouter d'autres signes concrets du changement de climat survenu depuis septembre 84.

Dans le domaine de la main-d'oeuvre et de l'emploi, par exemple, nos ministres ont donné suite au projet de politique déposé par l'honorable Flora MacDonald à Regina. Si je ne m'abuse, je pense, collègues, qu'il y a eu une entente signée hier avec la province de l'Ontario dans ce domaine tellement important, hier dans la nuit ou au courant...

THE HON. DAVID PETERSON: Just in time.

THE CHAIRMAN: Just in time, the Premier says.

Mais, ça aussi, c'est important et, même si certaines divergences de vue subsistent, des ententes ont quand même été conclues avec presque tous les gouvernements provinciaux pour permettre une action concertée au profit des travailleurs et travailleuses en quête de formation et d'emploi.

De même, dans le domaine du commerce international, nos ministres ont consacré des efforts remarquables à l'implantation de la stratégie nationale de promotion du commerce dont

le fédéral et les provinces avaient convenue à la conférence de Regina. Et j'espère que nos discussions de cet après-midi viendront encadrer les efforts de consultation déjà entrepris par nos gouvernements en matière de commerce extérieur.

Quant au travail accompli par nos ministres du développement économique régional pour inscrire dans la réalité canadienne les neuf grands principes arrêtés à Regina, il a donné naissance, en marge des ententes de développement économique, à pas moins de 75 ententes auxiliaires et 13 protocoles d'entente touchant une foule de domaines. Cela va de l'agro-alimentaire à la culture et aux arts, en passant par les pêches, la forêt, le transport, l'énergie, le tourisme, les communications, la recherche scientifique et technologique et bien d'autres secteurs liés au développement des ressources humaines et matérielles de nos diverses régions.

L'économie rejoint d'ailleurs ici la justice sociale, comme j'aurai l'occasion de le souligner en examinant demain la situation des femmes dans notre société. Mais, au chapitre de l'équité sociale, j'aimerais signaler dès à présent l'action conjointe que nous avons menée depuis un an pour faire avancer la cause des peuples autochtones et les efforts concertés que nous avons déployés pour réformer nos régimes de pension afin d'améliorer le sort de nos retraités; et je pourrais multiplier ainsi les exemples où la signature d'ententes sectorielles et la mise en commun des efforts de nos gouvernements ont fait avancer concrètement l'idéal de la justice et de l'entraide dans notre société.

Certains parmi vous ont affirmé il y a un an que l'arbre fédéral était en fleurs. Ils conviendront aujourd'hui, j'en suis sûr, qu'il porte des fruits et pour encourager la multiplication de ces fruits, le gouvernement fédéral n'a pas hésité à élaguer et à faire disparaître le bois mort.

When we came to office, we promised to review all federal programs and policies to try to eliminate waste and duplication, serve Canadians more effectively and reduce the tax burden while, at the same, ensuring greater respect for provincial jurisdictions and better co-ordination of the actions of the two orders of governments. I think we have begun to deliver the goods.

The budget introduced by the Minister of Finance, the spending cuts inflicted upon ourselves by the President of the Treasury Board, and the first recommendations of the Nielsen Task Force have slimmed down the federal government in a noticeable way.

In the current fiscal year, we have slashed more than \$4 billion from federal expenditures. In the first five months of this fiscal year, the federal deficit was lower than it was for the same period last year. This is the first time since 1981-82 that such a drop has occurred in this stage of the fiscal year. We must continue to put our finances in order if we wish to finance Canada's development rather than merely service the national debt.

In preparing his first budget, the Minister of Finance scrupulously spared the transfer payments earmarked for the provinces for the current fiscal year. He even made supplementary equalization payments of some \$285 million to Manitoba, Quebec and the Atlantic provinces. At the same time, we have constrained federal expenditures in nearly all other areas.

Now the time has come to moderate the growth of transfer payments to provincial governments. This will be done gradually and, I think, fairly. Transfer payments will not be

cut. Indeed, these payments will increase faster than inflation and faster than most other areas of federal expenditures. Our task now is to develop with Finance Ministers the means of improving federal finances without adverse effects on the financial stability of the provinces. I believe we can work together to find a Canadian approach to improve the overall fiscal position of our respective jurisdictions.

J'estime pour ma part qu'une façon de procéder serait pour tous les gouvernements de s'occuper d'abord de leurs domaines de compétence respectifs et de supprimer les empiètements et le double emploi dans les programmes des deux niveaux de gouvernement. Nous ne ferions en cela qu'obéir aux exhortations pressantes de plusieurs de nos devanciers à cette table. Et l'application sage et mesurée de certaines de ces décisions acceptables pourrait éventuellement nous aider à faire d'une pierre deux coups: harmoniser, d'une part, les politiques et programmes des deux ordres de gouvernement et, d'autre part, de soulager le trésor des provinces et celui du fédéral en supprimant le gaspillage et le double emploi inutile.

Je suis conscient que pareil effort d'harmonisation nous demandera à tous un courage peu commun, et je tiens à souligner que pour être efficace, là comme partout ailleurs, notre volonté de concertation devra vraiment être réciproque.

Un autre test de notre maturité politique sera sans aucun doute la négociation d'un éventuel accord de commerce avec les États-Unis. Face à la montée en flèche de la protection américaine, je considère, pour ma part, qu'il nous fallait amorcer des pourparlers commerciaux avec nos voisins du sud. Pour ces négociations, comme pour celles du GATT d'ailleurs, il nous faudra résoudre les divergences de vues qui vont surgir à l'occasion entre les provinces par suite de leurs différends et leurs différentes structures industrielles, la nature de leurs exportations et leur capacité concurrentielle sur les marchés américains.

Canada must maintain a common front and speak with a strong voice. I am sure we will advance our economic interests with the United States and the rest of the industrialized world. Among ourselves, we must be more aware of our mutual problems and I know that I have benefited, as I hope all First Ministers did, from the excellence of the views expressed at our dinner meeting last night in regard to this and in regard to other important points that will be on the agenda and will be taken up over the next two days. I think we must work together to deal with the constraints forced on us by the nation's financial situation and avoid laying the burden of our necessary belt-tightening on those least able to bear it. In this, we have a special obligation to ensure that these difficult days are not used as an excuse to relax our efforts towards ensuring a more equitable deal for women in our society.

Furthermore, when we tackle the problems of farmers and fishermen tomorrow, we must do so in the same spirit of solidarity and mutual assistance in order to channel our limited resources towards those in greatest need.

All of this is a tremendous challenge which we can answer only through co-operation. In a federation like ours, this is possible only if action is based on respect for our constitution in general collaboration among governments and in a spirit of unity among Canadians.

It is my fervent hope that we will succeed during this annual First Ministers' Conference, this first of a series, in developing the kind of co-operation I think we all had in mind when we signed the Regina Memorandum of Agreement. What I believe we must do, therefore, is the following:

First, make an honest and clear assessment of the relations between our two orders of government over the past year;

confirm and complete, where necessary, the consensus we reached in Regina on our priorities for action and on the major economic and social goals that should provide the basis for our next budget and a focus for the efforts of all sectors of Canadian society; third, work together so that the agenda for the various federal-provincial conferences and meetings take these priorities into account; four, give new impetus to our efforts to combat persistent discrimination against women; and five, deal with the urgent problems of farmers and fishermen, perhaps not with the expectation of being able to solve every problem at this conference, but with the determination to provide firm direction to the ministers responsible for these sectors.

A l'évidence, nous avons tout à gagner à nous serrer les coudes pour remettre sur les rails les finances du pays et faire face ensemble aux ajustements que nous impose une concurrence internationale de plus en plus impitoyable.

Puisse cette première conférence annuelle des premiers ministres renforcer notre volonté, bâtir le pays dans le respect de sa diversité et signaler notre retour commun à la pratique d'un fédéralisme authentique, seul capable de ramener le Canada sur la voie de l'unité et de la prospérité durable.

Thank you, Colleagues. May we turn to Premier Buchanan for the first comments as the host Premier.

HON. JOHN M. BUCHANAN: Thank you, Mr. Prime Minister.

Mr. Prime Minister, Nova Scotians welcome your commitment to the principles of co-operation, conciliation and fairness in federal-provincial relations. That commitment has been well received by all Canadians. Within the framework of those principles, as Premier of Nova Scotia, I am determined to continue working to achieve the goals of my province.

I know, Mr. Prime Minister, that you share in this determination and that means much to Nova Scotians.

Canadians want their governments to work together, to co-operate and to meet the challenges of this decade. From our perspective, we believe the fundamental challenges involve a combination of commitment and political will. The primary task, in our view, is not simply a question of how governments can better manage the economy in a new high-tech industrial age. It is not a question of how to make people adjust, accommodate, adapt, retrain, relocate and lower their expectations. What Canadians face are some basic structural problems in our economy. They are problems we have been facing for quite some time but have not been prepared to confront forthrightly.

For example, we face the possibility that an increase in the gross national product will no longer bring a matching increase in jobs. The challenge before us is to search for alternative visions and models for the future development of our socio-economic order.

Mr. Prime Minister, Canada has the resources, the capital, the technology, and above all else, the aspirations and skills of working men and women required to build a renewed economic future. But what is necessary in the long run is a dynamic public process designed to stimulate social imagination, develop alternative models and forge a new vision, if you will, for our country.

Through your positive initiatives in federal-provincial relations, you, Mr. Prime Minister, have pointed the way, and we must now build on your principles of co-operation, conciliation and fairness, and to continue that kind of co-operation. The challenge is to achieve a consensus of the vision of what our country should be.

There is no doubt that this process will involve hard choices. Making these choices requires courage, Mr. Prime Minister, and I believe you have the courage to lead, and I believe, the patience to listen so that all Canadians will enjoy a better quality of life. Nova Scotians, I repeat, want to work with you in achieving that goal.

I believe our deliberations at this conference today and tomorrow will be a further manifestation of this new spirit of co-operation.

Nova Scotians will work with you to develop a new social economic structure to achieve a better standard of living

for all Canadians. The goals of your government have been made clear:

- national reconciliation;
- economic renewal; and
- social justice.

Mr. Prime Minister, we share those goals.

Working together, under your leadership, and working with all of the Premiers of this country and the people of this country, those goals are achievable.

Positive results of what you have done to date:

- the national economy is stronger;
- inflation has been dramatically reduced;
- interest rates are down from previously intolerable levels; and
- consumer confidence is now being restored.

Nova Scotians believe in our country. Our goal is to participate fully in national economic renewal.

The challenge of national reconciliation is to blend the thrust of the new initiatives with the constitutional commitment to promote regional equality. The question that must be resolved is the accommodation of our needs relative to those of all Canadians.

We know that certainly will not be easy; it has never been easy. But by listening to each other and working together, we can and we will be successful.

In today's difficult world economic climate, governing is not very easy. We must differentiate carefully between our needs and our wants. We must continue to meet the needs of our people.

Therefore, Mr. Prime Minister, the concerns of

Nova Scotians are for increased job opportunities; the development of the resources of our province; maintaining our excellent health programs; maintaining our excellent educational system; to more effectively deliver social services and housing programs.

Mr. Prime Minister, as I stated yesterday, I am encouraged by your recommitment to our vital health care services and university system. Mr. Prime Minister, there must not and cannot be any erosion or cutback in our health services including necessary volume increases. Again, I am encouraged by your statements that you concur.

In budget year, commencing April 1, 1986, for example, we in Nova Scotia must receive sufficient cash federal funding increases to maintain health delivery services including new volume increases. Again, sir, I am encouraged by your statements.

I am further encouraged by your commitment to negotiation. That is vitally important: negotiate a new, fair and equitable agreement for hospital funding, medicare and university funding, again, to ensure the maintenance of the finest health delivery system in the world.

Mr. Prime Minister, Nova Scotians have faith and confidence in you and your commitment to these social programs.

When governments review the public policy framework relating to the delivery mechanism to satisfy these concerns, we should always be mindful of the fact that Canadians of all income levels benefit from these programs. At some point in our lives, all of us benefit from family allowances, health care programs, the educational system, the

Canada Pension Plan along with various tax credits, exemptions and deductions.

To a varying degree, certain segments of the population receive much needed income support from programs such as unemployment insurance and social assistance.

Therefore, I believe, Mr. Prime Minister, that the ultimate concern of Nova Scotians and all Canadians in the development of a new economic thrust for Canada is that we must establish clearly that the strategic objective is advancing the quality of life for all Canadians.

This means there must be a rational approach relating to the inter-relationships between social and economic policy.

For example, it is our view that the unemployment insurance program should continue to reflect regional concerns. We believe strongly that more emphasis should be placed on this mechanism as a means of job creation, as well as an incentive for training and the development of entrepreneurial skills.

Furthermore, Nova Scotians agree with the objectives of the Canadian Jobs Strategy and we will continue to work with your government, Mr. Prime Minister, to ensure this program achieves its maximum potential for Nova Scotians.

However, it is important for me to emphasize that initiatives in job creation and training must be flexible so as to meet the different needs of the different regions of Canada. Mr. Prime Minister, changes are needed in economic decision-making. We are all aware of that. It is essential, for instance, to include women's perspective and to recognize their work in the home and outside. In the work force, as the valuable contribution it is to our economy and to the quality of life, decisions can and must be made that take into account the impact of economic development on women. Nova Scotians are dedicated to ensuring economic equality for Canadian women. We share your commitment to achieve real and lasting change in the economic status of women.

Turning now, Mr. Prime Minister, to the issue of economic policy, I know that all Canadians support the call for a new economic development strategy closely tied to job creation. For Atlantic Canada, the development of such a strategy provides to fulfill Canada's constitutional commitment to building economic opportunities in all regions of Canada and I say particularly Atlantic Canada.

The objectives of the strategy clearly should be to:

- expand regional development;
- strengthen the industrial framework;
- foster the development of entrepreneurial skills;
- recapture the domestic market; and
- increase Canada's share of the international market.

Mr. Prime Minister, when considering the Atlantic economy in this strategy framework, we must be ever mindful that the role of government is much larger than the role of the private sector here in Atlantic Canada. Therefore, certain national policies have substantially more impact here than in other regions of the country. This is a concern, of course, when the impact is negative. Therefore, we must resolve to work together with determination and political will to achieve a more equitable balance between the contribution of government and the private sector to the gross domestic product of Atlantic Canada. Until such equitable balance is achieved, I suggest the federal government proceed very, very cautiously in the implementation of initiatives which may have a negative impact in this region of Canada.

This achievement of a more equitable balance will require significant changes in attitudes and federal policy direction. In the past, the federal government's interventions have supported the concentration of the manufacturing industry in southern Ontario. Likewise, if we are to work with confidence in addressing the issue of regional development and if Canada's economic union still means anything, Nova Scotia suggests that the federal government focuses on and supports all reasonable efforts to create employment opportunities here in Atlantic Canada, again keeping in mind that the government role in Atlantic Canada versus the government role in Central and Western Canada is certainly much greater here.

Another vital instrument of economic development in the Maritime region, of course, is transportation. The First Ministers at the Regina meeting committed themselves to the use of transportation as a key to regional development. Nova Scotia, Mr. Prime Minister, proposes that the principle of transportation as an instrument of regional economic development be an integral part of the new federal Transportation Act.

Nova Scotia suggests that the tax structure could be used more effectively to create employment and to generate meaningful investment. Mr. Prime Minister, we certainly support and have assisted in the initiative of your government in the establishment of the Cape Breton tax credit incentive program. We feel this instrument, although slow in getting underway, is now beginning to show some positive results.

In this regard, we specifically support the recommendations of the Cape Breton Advisory Committee to enhance the tax incentive program to maintain and to create long-term economic growth in that area.

Mr. Prime Minister, we feel it is necessary that Nova Scotia work together with your government and the governments of the other provinces to ensure that a comprehensive trade agreement results in increasing Nova Scotia's economic strength and job opportunities. Nova Scotia wishes to work very closely with you and the federal government to seek fair and equitable trade arrangements. We are determined to expand our trading activities in the world marketplace. Our objective is to increase our marketing activities in the United States as well as in Europe and the Pacific Rim and to that end, we have created a trade development authority in Nova Scotia.

Once again, the pyramid of opportunity for Nova Scotia,

with its ice-free ports, is to be a strategic world trade centre, providing Canada's gateway to the American Eastern Seaboard, the Caribbean and European markets.

We look forward to the support of the federal government to achieve these goals.

Nova Scotia firmly believes, Mr. Prime Minister, that the federal budget process is an integral part, not only of governments' planning, but as well of any effective policy framework. Therefore, if our governments are to work together in harmony to deliver to Canadians a result-oriented policy framework of economic progress, there must be thorough consultation between governments prior to the presentation of that budget.

Nova Scotians believe we can create a better quality of life and make Canada work for all Canadians if governments are guided by the principle that you have enunciated: co-operation; consultation; conciliation; and maybe most of all, fairness. We are committed to these principles and we firmly believe in the overriding principle of equity and balance in all regions of Canada.

To meet the challenges of this decade, there must be an ongoing sharing of responsibilities and a renewed commitment among the provinces and the government of Canada. Mr. Prime Minister, we are prepared to do our part in this whole program of co-operation, consultation, conciliation and fairness.

THE CHAIRMAN: Thank you, Mr. Premier. On behalf of all of us, thanks to you and your colleagues for the splendid arrangements and the great attention to detail that have made the beginning of the conference so successful. We are deeply appreciative of the hospitality that we have enjoyed and, I know, we will continue to enjoy throughout the conference. It is a great tribute to you and to Nova Scotia, and we are very grateful to you.

May we hear from the new Premier of Ontario whom I welcome warmly to our midst today. Mr. Peterson.

L'HON. DAVID PETERSON: Merci, monsieur le Premier ministre. Je veux dire, d'abord, mes félicitations à mes nouveaux collègues, Premier Johnson et Premier Getty.

It is a reality of Canadian politics that you are not a new boy for very long. I have seen that myself. Also, to Premier Buchanan, thank you for your hospitality, the fine wine and generous and warm way in which you greeted us all, particularly the piper at the airport that set the tone for this meeting that, I believe, got off to a very good start.

I can think of no better way to begin my remarks than to cite the words of a former Governor General, Vincent Massey, who said, in 1924: "This country is much more than a chain of wheat fields, and gold mines, and pulpwood forests; it is more even than the union of separate provinces; it is the expression of certain ideas".

Now, more than 60 years later, Canada still stands for ideas that are important and unique in this world.

It is a Canadian idea, for example, that no one in any part of this country be denied basic rights or opportunities. Ontario recognizes that some provinces have ground to make up.

We believe that that ground must be made up by helping them to run faster rather than forcing others to slow down. That is part of the Canadian way.

It is also, Prime Minister, part of the Canadian way to commit ourselves to eliminating the economic disparities between men and women. I am delighted that this historic conference has included the opportunity to discuss ways that we can work together to advance economic equality for women. I do not think we can stop with a brief discussion. Before we leave, I hope we will commit ourselves to a vigorous effort to deal with these issues in the conferences to come.

Nous devons nous arrêter à la question des femmes qui jusqu'ici inquiète mon gouvernement. J'espère que nous en ferons une priorité de notre prochaine conférence plutôt qu'une discussion brève et superficielle.

In Ontario, we are making a number of initiatives -- equal pay for work of equal value in the public service; a green paper has just been released for the private sector; and we are determined to encourage private industry and public institutions to move towards employment equity. Later in this conference, Prime Minister, we will put forward a six-point plan that we think will make real progress in achieving this goals which I am sure we all share.

Over the next couple of days we will be discussing a number of issues. It is my view that it is a mistake to view them separately. They are all part of the great economic and social challenges facing this country, and they can best be dealt with as part of the great Canadian idea.

To understand those challenges and to meet those challenges, we have to understand the enormous economic changes that are taking place around us. We have moved into the post-industrial era. The world is becoming smaller; our industries are engaged in a fierce competitive struggle. These changes are a fact of life.

We see dramatic advances in science and technology. Decisions about labour and capital can be made far more rapidly than ever before. Reduced trade barriers have created new opportunities. Rapid industrialization has given less-developed countries a means to move into markets that used to be ours alone. More and more people are employed in the new technologies, and fewer are employed in the smokestack and resource-based industries.

These new technologies are creating far-reaching changes in manufacturing. We must move to the forefront of these changes, or we will be passed by.

In this post-industrial society, the future belongs to the nations that can make best use of their human resources. The major drive is in the knowledge industry. Advances in information technology are revolutionizing old industries and creating new ones. We have to make our mark by applying the leading edge of technology and management in such areas as financial institutions, consulting engineering, telecommunications, specialty steels, biotechnology, and modern transit. The list goes on and on. Let us not neglect, either, the health and education industry.

Our aim must be to improve our ability to produce and to compete, and, to do that, we need a broad economic strategy.

Our policy on trade relations can only be part of that. We cannot expect to resolve our problems by praying for panaceas or concocting magic solutions. Free trade is not a solution. It is, at best, a part of the solution.

Freer trade will not reduce interest rates or allow us to catch up in high technology industries or eliminate the problems presented by our competitors. Free trade will accomplish nothing if it distracts us from working on our fundamental economic problems and it will work against us if we have not put in place policies that will allow us to take advantage of the new opportunities.

We must learn to adjust and eliminate our barriers to progress. We need to improve our industry's access to capital, and strengthen our education and training programs.

Our ability to sell in other markets and provide meaningful jobs depends on our ability to educate and train our people.

To sell in every corner of the world, we must know every corner of the world.

In the post-industrial society, investment in machines and technology is vital. But I would argue that our most important investment must be in people and ideas.

If we lack people who can create, produce, engineer, manage, sell, service and finance, we lack the only keys that can unlock a bright future for this country.

That is why, Mr. Prime Minister, we are disturbed and disappointed at signs that the federal government is not prepared to do all that it takes to develop a more advanced workforce. This lack of commitment is suggested by recent developments in two areas: skills training and funding for colleges and universities.

Notwithstanding the agreement that was reached yesterday at a very late hour between Ontario and the federal government regarding the federal purchase of institutional

training programs, we are still concerned about the fundamental elements in the Canadian jobs strategy.

In our view, it is shortsighted to cut the federal commitment to training and employment development by \$100 million this year and \$200 million next year when a better trained workforce is clearly one of our most important needs. We are concerned about reduced initiatives for the private sector to train people when training must be ever more relevant to the needs of our society. We are alarmed at the lack of priority given to training as a means to improve our competitive abilities when our ability to sell is one of our top priorities.

We are also dismayed by the federal government's plans to cut established program funding transfer payments for post-secondary education and health. These cuts will amount to about \$6 billion over the next five years. These cuts, which were announced without consultation, speeded up by a year without discussion, will weaken our country in the very areas where we must marshall our greatest strength.

The federal government's unilateral cuts in funding arrangements - a contract that was supposed to run until 1987 - left us, and I suspect the other provinces, with little time to prepare and little time to plan best how to serve the interests of the people in our provinces.

This action, in our view, has put enormous strain, not just on our ability to meet important commitments, but also on the goal of restoring harmony and civility in federal-provincial relations.

What makes Canada unique has been its historic willingness to recognize important human needs and to assure they are met in all parts of the country regardless of wealth. That

is a Canadian idea.

La contribution fédérale à la santé et à l'éducation est passée de 50 à 43 pour cent en six ans. Il n'est pas question de couper là-dedans. On a gratté déjà jusqu'à l'os. There is no fat to trim in these programs. We are seeing increasing utilization and further reductions will cut us right into the bone. They will cut right into our ability to provide quality health care and keep up with the times in medical innovation.

They will cut into our ability to provide the faculty, libraries, state-of-the-art equipment that are needed to teach and train the next generation of Canadians. We have an obligation to provide Canadians with advanced education and training as the most important passports to opportunity.

For that reason, we will propose specifically that the federal government live up to its commitment to genuine consultation by deferring the post-secondary education and health cuts scheduled to be moved up to April of next year. We would like the government to live up to its original commitment and then we can get into negotiations about the future after the expiration of the current Agreement.

If we are going to review our approach to financing areas as important as health and education, we have got to do it properly, in a way that does not jeopardize our national commitment to those two important areas.

Canada needs a comprehensive strategy to deal with all of the challenges of the post-industrial society. A trade strategy is an important part of that.

I want to, if I may, Prime Minister, discuss some aspects of a national strategy for dealing with our close neighbour

to the south.

But, before doing so, let me make one point. In developing a trade strategy we must not be mesmerized by the American market. We have got to recognize our need to expand our opportunities in other markets as well. More than three-quarters of Canada's exports go to the United States but there are many other directions in which we can export and a number of other opportunities in this world.

Indeed, our greatest potential for growth may be elsewhere. The United States imported \$340 billion worth of goods last year. Canada shares about 20 per cent of that. The 12 largest trading nations of the Pacific Rim import \$350 billion worth of goods a year; Canada's share is only 2.4 per cent. We have not even scratched the surface of that emerging market. A national strategy has to recognize that potential.

Let me now, if I may, turn to the issue of protectionism in the United States. I have travelled in the United States on the advice of Premier Bennett, Premier Lougheed and others and I am as concerned as any province about the trade relations with the United States.

Other than Canada as a whole, Ontario alone is the largest trading partner the United States has, larger even than Japan. Last year, we sent 90 percent of its exports south of the border. We do roughly \$100 billion back and forth in new balance. We are concerned about how to secure best access into that market.

But is launching wide-ranging negotiations with United States--at the moment, they are running a \$20 billion trade deficit with us--the best approach?

We still have doubts and we have seen so far little of substance to diminish them.

We must define what we want to accomplish as a country. Our first goal should be to protect existing access for Canadian goods.

Do we need to define the talks any wider? Let us seek agreement and clarity on our goals so we can concentrate on what is important to Canada. Then we must begin to put our own house in order.

Does anybody really believe we can negotiate a trade agreement with the Americans while maintaining our own internal trade barriers?

It is well past the time when all of us join in a real commitment to reduce barriers in our own domestic markets.

The first trade walls that must come down are inside this country.

Agriculture and food production are prime examples.

Unless we break down trade walls within Canada, we will be sorely tested by any trade arrangement with our American neighbour.

It is clear to me, also, that we are approaching the bargaining table from the wrong direction. We should have begun by defining our goals. We should have first gathered the information we need to make informed judgments. Knowledge in this discussion is strength and we should have proceeded on the basis of that strength. We should not proceed on the basis of guesses, hopes, best intentions and leaps of faith.

We are about to enter into the most important trade initiative in our country's history. There are still far more questions than answers about what we want to achieve, about how we intend to achieve it, what we can obtain and what we must be prepared to give up.

One of our goals must be the resolution of conflicts over non-tariff barriers that threaten our ability to sell softwood lumber, fish and other product to the United States. I can say to you, when I was in Washington, U.S. officials gave me no clear indication that they are prepared to negotiate away these barriers.

What are we prepared to put on the table to get them to solve these problems and what bargaining chips do we plan to use? Are we prepared to give up Alberta's right to influence pricing of feed stocks for its petrochemical industry? Are we prepared to give up special programs for textiles, clothing, leather goods and do we know what the impact would be on those industries in Quebec, Manitoba and Ontario?

We must maintain our ability to pursue an independent exchange in interest rate policy. Certainly, we would not want to see the auto pact on the table. We need that assurance for our parts and assembly industry, nor do we want to barter away

protection for Canada's agricultural industry.

No matter what we are prepared to trade away or trade for, we want to assess all of the costs beforehand. We need to know how many workers may lose their jobs, how many may be dislocated and how serious that dislocation may be.

In Ontario, we are concerned that 31 percent of our manufacturing jobs, the livelihoods of 280,000 workers and their families are particularly vulnerable to any sudden changes in our trade relationship with the United States.

We are concerned about the potential impact on sensitive agricultural sectors such as the dairy and poultry industry.

We are concerned about what funds may be available to finance the adjustments that could be required, particularly in light of federal transfer cuts.

Certainly, there are some things we must always preserve. We must preserve those things that define us as Canadians.

I do not think we can trade away our ability to reduce regional disparities. We cannot trade away regional development grants and equalization payments. We cannot ask the Canadian people to give up Medicare or Unemployment Insurance or other parts of our social safety net. We cannot trade away Canada's heart.

Nor, Mr. Prime Minister, can we trade away Canada's soul. Cultural sovereignty cannot be separated from political sovereignty.

We must maintain our ability to develop and support our own cultural and communications industry. We must maintain our ability to publish books, magazines, produce records and films, create television and radio programming that help us define ourselves and our hopes and our dreams and our way of seeing ourselves and

the world.

We have come a very long way as a country in the last 15 years in this regard. We have seen the creation of a national weekly news magazine, enormous growth in our ability to produce quality movies, television and radio programs, and the birth of a vibrant recording industry.

These success stories are not the result of luck. They are a result of deliberate steps to encourage this creativity. They are the result of legislation and regulations that support cultural sovereignty and, in my view, cultural sovereignty must be kept off any bargaining table. It is part of the glue that keeps this great country together.

To determine trade policy, in the words of Sir Robert Borden, is to determine, not a mere question of market but the future destiny of Canada. That is why we need a truly national effort to define the issues at stake, assess the implications for Canadians and help shape any negotiations and this process must involve all Canadians, having all the information available.

I believe at this conference we ought to define more clearly what we are trying to accomplish and, for that reason, we will propose three initiatives to bolster Canada's position and protect Canadian interests in any negotiations.

First, we will urge the creation of a task force to pool the resources of the federal government and the provinces and analyze the potential impact of any change in our trading relationship on specific sectors and communities. We must develop a common base of information; that is the essential first step to understanding what we have begun. It is time we pooled our intelligence so we can make sure we are discussing the same thing. I do not believe it is going to be productive in the long term to

have the discussion my economist versus your economist. We have to make sure we all understand what we are talking about and any plans for the future of 25 million people must be based on certainty.

Secondly, we will urge through this conference we make a joint commitment to reduce all barriers to the free movement of people, services and goods within Canada.

Thirdly, we will propose a meaningful process of national co-operation in any talks with the United States. Given the interests and responsibilities of the provinces, we must all be intensely involved in the decisions that affect the people we represent and not just told about those decisions after they are made.

We all share in our nation's destiny, but we must all share in shaping it and that is why we need to work together in a joint federal-provincial committee to develop our position, monitor negotiations between the governments and determine whether any agreement reached is fair and acceptable.

We must speak with one voice but that voice must speak for all.

These three steps: strengthen the trade ties inside our country--a common base of information and a meaningful participation--would do much to bolster confidence in any trade talks. In trade, education, training and all the other challenges of the post-industrial society, we must keep one fundamental principle in mind: Change is not something to fear but it is something to master.

Whatever we accomplish this week will be only a start, a start towards increasing our ability to produce, expanding our ability to sell, and ensuring our ability to adapt. The best start is the kind made in confidence that we are all heading in the right direction.

Thank you, Mr. Prime Minister.

THE CHAIRMAN: Thank you, Mr. Premier. I am not unaware of the fact that this is a country, Mr. Premier, that took 117 years to get itself a constitution, or thereabouts. I am not unaware of the difficulties that we might have on any major national endeavour. It is part of the psyche.

We will be dealing with trade in greater detail, as we agreed, on the agenda this afternoon and, perhaps, tomorrow morning. I am grateful for your comments on that. I want to point out, however, that what we have been talking about is that we are inviting the Premiers and Canadians to examine a commercial relationship. We are not talking about anything that involves the heart or soul of Canada.

I gave specific and complete and airtight assurances to the House of Commons on the 26th of September in regard to our culture, our linguistic character, the nature of the soul of this country, in regard to this, and I hope, as the discussions advance, that we would recognize that that is the case, as we get into it in more detail.

I appreciate the observations, Premier.

Et peut-être je pourrais demander maintenant au Premier ministre Johnson du Québec de prendre la parole et je remercie également monsieur Johnson de sa présence ici aujourd'hui, compte tenu de ses obligations ailleurs, monsieur Johnson et ses collègues. Merci.

MONSIEUR PIERRE-MARC JOHNSON (Premier Ministre du Québec): Merci, monsieur le Premier ministre. Chers collègues, may I, first of all, thank Mr. Buchanan for his usual hospitality.

L'heure est à la franchise, au Canada comme partout ailleurs, à la maturité, au dialogue réaliste parce que des centaines de milliers de citoyens de cette fédération sont sans emploi. Des centaines de milliers d'autres sont insécurisés par les changements technologiques, les transferts d'emplois et ce, souvent après de longues années de travail, un travail de

qualité au service d'entreprises.

A Regina, tous les premiers ministres étaient d'accord pour faire de l'emploi une priorité. Le Premier ministre du Canada parlait alors de concertation, de collaboration entre différents paliers de gouvernement. Nous devons nous mettre résolument à la tâche et trouver ensemble comment créer des emplois.

De notre côté, à Québec, nous avons fait ce que nous avions à faire, notamment à l'égard des jeunes les plus démunis, ceux qui sont à l'aide sociale. Nous avons mis sur pied depuis dix-huit mois des programmes auxquels 60,000 d'entre eux ont participé et nous sommes reconnaissants du fait que nous sommes parvenus à nous entendre avec l'état fédéral quant à la participation de celui-ci dans le cadre du régime d'assistance publique.

Mais, il reste beaucoup à faire, notamment à l'égard des femmes quand nous savons qu'elles forment 41% de la main-d'oeuvre présente qui occupent des emplois et qu'elles ne forment que 25% de la clientèle de la formation professionnelle à temps plein, 29% de la clientèle à temps partiel, et c'est pourquoi nous avons mis sur pied un certain nombre de programmes pour faciliter leur intégration au travail ou assurer leur initiation aux métiers dits non-traditionnels.

Et, en ce sens, nous appuierons la Déclaration de principes que nos ministres responsables de la condition féminine souhaitent voir adopter; je ne parle pas cependant des annexes. Cette Déclaration de principes attire en effet l'attention sur le fait que les questions qui sont relatives à la condition féminine sont, en grande partie, économiques, conclusion à laquelle nous en étions arrivés, au Québec, en concertation

avec des centaines de partenaires lors du sommet "Décisions 1985" au printemps dernier.

Pour créer des emplois, il faut des investissements. Au Québec, depuis trois ans, nous sommes passés de 14 à 20% des immobilisations canadiennes, de 17 à 30% des investissements dans le secteur manufacturier, ce qui a permis en 1984 et 1985 de créer un rythme annuel de 80,000 emplois nets.

Tout cela est attribuable évidemment à un certain nombre de facteurs qui sont extérieurs à nous, d'autres cependant qui reposent sur une stratégie du gouvernement en matière de développement économique et qui impliquent des actions conjointes de celui-ci avec le secteur privé, avec les milieux sociaux, avec les milieux municipaux.

Cela implique, par définition, la possibilité d'une aide directe de l'état et l'intervention des sociétés qui relèvent de lui.

À cet égard, il est donc important de pouvoir compter sur la collaboration et la coopération du gouvernement fédéral, en ayant l'assurance de la complémentarité de ses actions.

Ottawa, d'ailleurs, est intervenu dans le passé en matière de développement économique dans plusieurs régions du Canada: "The Atlantic Accord" dans le cas de Terre-Neuve, "The bailing out intervention in the case of Western banks", la participation de CDC à Pétrosar.

Comme vous le savez, il existe un certain nombre de dossiers qui sont importants et qui exigeront l'attention constante du gouvernement fédéral en ce qui concerne les questions de développement économique au Québec et je pense ici au Centre pétrochimique montréalais, à la compagnie Pétromont et évidemment

un certain nombre de projets qui seraient structurants et qui visent les exportations dans certaines régions du Québec.

Quant à mon collègue, le ministre de l'Agriculture, il aura l'occasion de fournir notre point de vue sur ces éléments de l'ordre du jour qui touchent les Pêcheries et l'Agriculture.

Le Québec est doté de ressources naturelles abondantes, d'une main-d'oeuvre qualifiée, d'un entrepreneurship dynamique. Le Québec, à toutes fins pratiques, participe pleinement à la troisième révolution industrielle. Dans un environnement économique international qui est en pleine mutation, qui est de plus en plus compétitif, la croissance économique dépend largement de notre capacité à relever, avec succès, le défi du commerce extérieur, à augmenter nos échanges, à la fois avec les pays développés et les pays en voie de développement. Dans notre cas, déjà 40% du produit intérieur brut, chez nous, était exporté en dehors du Québec vers les régions du Canada ou, encore, avec des partenaires étrangers. Cela signifie en termes très concrets des centaines de milliers d'emplois chez nous.

It is, therefore, not very surprising that we are greatly concerned with the evolution of trade, both nationally and world-wide. In this regard, Québec has made public its support of the federal government's decision to initiate bilateral negotiations with the United States with a view to reaching the broadest possible agreement on a mutually-advantageous reduction of tariff and non-tariff barriers to trade.

It is difficult to think of an area in which consultation and dialogue among the various governments is more necessary, sir, since the impact of such an agreement would be felt in many economic sectors as well as for, literally, hundreds of thousands of people.

But we have to face the notion, although I can share some of the reservations of my colleague from Ontario, of being afraid or not being afraid. If we are afraid, it might be impoverishment in isolation. I agree with the notion that free trade or freer trade with the United States is not a panacea. I also agree with the notion that, probably, our American friends are not fighting in buses over this issue.

However, we have to be conscious of the fact that the United States is using or is tempted to use protectionist measures which are not necessarily directed towards us but which are a reflex of our American friends mostly towards their difficulty of penetrating Asian markets. As a secondary effect, our trade with them can be affected. Somehow we have to counter-balance that and think in terms which are positive for us and for the growth of this economy, which should not get impoverished in isolation.

L'appui du gouvernement du Québec à la tenue des négociations sur la libéralisation des échanges s'accompagne d'un certain nombre de conditions.

Le Québec désire être associé à l'ensemble du processus de négociations, tant dans la formulation des objectifs et des mandats de négociation que dans la négociation proprement dite, par la présence de représentants québécois dans cette équipe.

Deuxièmement, les mesures de transition, de redéploiement, de protection des emplois, d'exclusion, de sauvegarde et autres, devront être développées conjointement par le fédéral et les provinces pour faciliter l'adaptation des travailleurs, des entreprises, des régions, aux changements qui pourraient résulter de la modification du régime commercial entre nous et nos partenaires américains. Il importe donc à cet égard de s'entendre sur un calendrier qui permettra une ouverture graduelle de notre économie. Je dis bien graduelle. Je sais que deux ans, trois ans ont été évoqués. Je sais aussi que dix ans, quinze ans ont été évoqués, mais ce dont je suis convaincu, c'est que nos partenaires américains eux-mêmes sont conscients que les économies canadiennes et américaines ne peuvent s'ouvrir au même rythme.

Troisièmement, conformément à la Constitution de 1867, le Québec ne se considérera lié dans les secteurs de sa compétence que dans la mesure où il aura donné son accord.

Il ne faudra pas non plus, dans ce contexte, oublier ou négliger la place particulière qui doit être réservée à certains secteurs, et je pense entre autres à celui de l'agriculture québécoise qui a des caractéristiques tout à fait particulières. La concertation fédérale-provinciale va s'avérer

vitale pour faire en sorte que les importants investissements récents en particulier des agriculteurs québécois soient protégés contre des impacts subis ou mal planifiés.

Il est évident également que nous serons préoccupés au plus haut point par les emplois de celles et ceux qui travaillent dans ces secteurs qui bénéficient de mesures de protection, tels le textile, le vêtement et -- pourrais-je me permettre de le dire, monsieur le Premier ministre -- la chaussure, pour qui ça n'a pas pris trois ans ni quinze ans mais quelques heures, car on ne saurait sans considération insécuriser des milliers de travailleurs et de travailleuses.

Dans un autre ordre d'idée, s'est amorcé depuis le début du mois dernier le processus complexe souvent laborieux des négociations fédérales-provinciales qui doivent mener à la conclusion de nouveaux accords fiscaux pour la période de 1987 à 1992.

Le Québec, est-il besoin de le rappeler, a gardé un souvenir plutôt amer des derniers accords. On se souvient que le Québec est la seule province qui a dû subir une perte cumulative en vertu de la formule de 1982.

Je tiens à rappeler, d'ailleurs, que le paiement compensatoire de cent dix millions qui a été offert par Ottawa à la suite de la fin de garantie transitoire a permis seulement de réduire cette perte à six cent quarante millions pour la période de 1982 à 1987 sur la base des estimés qui prévalaient au moment du règlement fédéral.

En regard des paiements de transfert, Ottawa a, par ailleurs, imposé à plusieurs reprises dans le passé des plafonds à leur croissance. Les coupures de 1982 ont pénalisé

les provinces de plus de six milliards de 1982 à 1987 au seul chapitre du financement de la santé et de l'enseignement post-secondaire.

Soulignons aussi que les seuls effets récurrents des coupures qui ont été imposées par l'administration fédérale antérieure -- je dis bien l'administration fédérale antérieure, mais dans six mois ce sera de votre faute, monsieur le Premier ministre; c'est comme ça que le système fonctionne, semble-t-il -- dans les transferts aux provinces, tout cela s'élèvera à près de dix milliards pour la période de 1987 à 1992, alors que nous savons que le volume des services, notamment dans le secteur de la santé et dans le secteur social, a augmenté, entre autres, à cause du vieillissement de notre population, à cause de l'utilisation de technologie nouvelle dans le secteur de la santé.

On aura donc beau dire que les paiements de transferts augmenteront au rythme de l'inflation ou même d'une façon plus élevée que l'inflation. Il n'en reste pas moins que la pression en termes de satisfaction des besoins des citoyens en matière de santé est telle que des volumes additionnels sont créés, des techniques nouvelles sont utilisées et que les coûts sont donc supérieurs et ils sont supérieurs à l'inflation.

Il n'est pas besoin non plus d'insister longuement sur les conséquences absolument néfastes que de tels manques à gagner ont eu et continueront d'avoir sur la marche de manoeuvre et les finances des provinces de façon générale.

C'est pour ça, d'ailleurs, monsieur le Premier ministre, que nous prétendons que la marche de manoeuvre chez nous est presque inexistante.

On nous annonce maintenant d'autres réductions qui seraient en vigueur à compter du 1er avril prochain. La réduction des transferts aux provinces atteindrait deux milliards par année en 1991.

Je tiens à dire très clairement que ces diminutions ainsi que la réouverture sans consultation un an avant leur expiration des arrangements fiscaux actuels sont inacceptables. Il n'est pas question pour nous de prétendre que nous ne sommes pas conscients du problème de la dette canadienne.

You have a \$35 billion problem, which is also our problem. It is Québec's, Ontario's, Alberta's and the Maritimes' as well as yours, and I can relate to that, I can understand that and we should not act like ostriches and put our head in the sand towards that. But, at the same time, we cannot consider that strictly by saying: These transfer payments will grow with inflation, that we are solving the problem.

Secondly, we cannot understand the coherence of a reduction in the level of necessity of these transfer payments in the case of health and higher education, with actions by the federal government which put pressure and which put more norms on the dispensation of such services.

Thirdly, we would like to be sure that duplication of services between the federal government and the provincial governments is tackled seriously. My understanding, sir, is that you are preoccupied with that and the Nielson Committee might be preoccupied with that.

Car le Québec a fait pour sa part, au cours des dernières années des efforts considérables d'assainissement sur le plan financier en réaction précisément à des diminutions de transferts et, évidemment, aux effets de la récession économique.

Les restrictions de salaires, les modifications au régime de pension, la rationalisation dans le secteur public et parapublic se sont traduits en 1985-86 par une diminution de deux points cinq milliards de nos budgets, et c'est exigeant, monsieur le Premier ministre. J'en sais quelque chose de ce temps-ci.

Mais malgré ces efforts, nous sommes encore confrontés avec un niveau de déficit qui est élevé et que nous n'avons pas vraiment les moyens d'augmenter sérieusement.

L'impact des transferts fédéraux sur les finances des provinces et le tissu même de la fédération canadienne sont ici affectés.

Nous croyons donc que le gouvernement fédéral devrait s'interdire toute intervention unilatérale et prématurée en regard de ce dossier qui est fondamental et qui est celui des arrangements fiscaux.

Pour améliorer le caractère de stabilité et de prévisibilité des transferts fédéraux, comme je l'ai annoncé, je propose donc que le gouvernement fédéral et les provinces s'entendent sur la mise en place d'un cadre formel susceptible de générer des consensus dans la conduite de la relation financière.

Je me permets, monsieur le Premier ministre, de vous déposer un document qui reflète ce que pourrait être tel type d'entente, une version anglaise et une version française, et qui sera distribué à nos collègues.

Such a framework would lay down the rules of a game that is crucial to everyone, lay down procedures for negotiations, for agreements and for amendments and interpretation of the agreements themselves.

Adopting such a code of conduct would, in my opinion, be fully consistent, sir, with the general philosophy based on consultation and dialogue which we would like to see preside over federal-provincial relations.

It is a matter of giving more structure to inter-governmental discussions on fiscal matters, making them more effective, as was accomplished at another level last year with your suggestion, sir, with the holding of the Conference of the First Ministers as an institution.

Encore une fois, il s'agit d'être bien conscient qu'il ne faut pas se mettre la tête dans le sable. Trente-cinq milliards de déficit c'est le problème de tout le monde, mais vous ne pouvez pas régler ce problème en pelletant dans notre cour constamment, par des actions unilatérales, ce problème.

Nous croyons que l'état des relations s'est amélioré d'une façon sensible depuis quelques mois mais que les derniers gestes annoncés par votre ministre des Finances sont quelque peu perturbateurs.

In front of a situation like this, usually around this table, people usually tear off their shirts. I will tell you, that is very easy to do for the Prime Minister of Québec; we are pretty used to that.

We are setting down a proposition which we think is constructive, which, in fact, would bring the provinces and the federal government to tackle this situation concretely by accepting to negotiate and face up to the kind of facts we are living with as provincial leaders and, in fact, indeed, limit the capacity of the federal government to act unilaterally. We think it is in the better interests of all of us that it should be done.

Tout cela, encore une fois, est dans un contexte où, non seulement nous sommes lucides, nous reconnaissons que ce problème c'est le problème de tout le monde et qu'on accepte de ne pas juste déchirer notre chemise ici comme si rien n'était et repousser encore une fois le problème en avant -- c'est ça qui est arrivé pendant 15 ans. C'est pour ça qu'on a ce genre de problème aujourd'hui -- mais dans un contexte, cependant, où nous avons l'assurance que vous vous engagez dans un processus réel de négociation avec les provinces, que nous ferons notre part parce que nous sommes conscients que ce problème est le

problème de tout le monde, que vous acceptez de ne pas agir unilatéralement à l'égard d'une entente déjà signée et qui, normalement, produisait des expectatives pour nos ministres des Finances d'entrées de revenus, ce qui a un effet extrêmement déstabilisant pour la planification de nos services et, troisièmement, dans un contexte où nous avons certaines assurances que vous faites également le ménage de votre maison au niveau de la duplication des services avec les provinces.

Nous croyons que ce serait là une meilleure garantie d'un dialogue qui est fructueux afin de conclure les prochains accords fiscaux.

We are here as political leaders of our respective communities, and, as such, we embody the hopes of hundreds of thousands of our fellow citizens. We can no longer allow the gap between our talk and reality to widen. Those whom we represent, however great the diversity of their needs or of their opinions, recognize each other easily when we speak about jobs. We must give them proof of our maturity, frankness and honesty about this.

Nos concitoyens et nos concitoyennes sont capables de produire, de prospérer et de réussir, mais tant que nous ne poserons pas les problèmes d'une façon vraie, d'une façon réelle, tant que les égoïsmes régionaux, tant que les intérêts politiques des groupes nous opposeront, nous continuerons à leur démontrer notre éloignement de la réalité.

C'est cette maturité et cette franchise dont nous ferons preuve ici qui pourront prouver à nos concitoyens et concitoyennes que nous cherchons vraiment une société de l'emploi, monsieur le Premier ministre. Merci.

LE PRESIDENT: Merci, monsieur le Premier ministre, de votre intervention très compréhensive.

Si vous me permettez juste un commentaire, vous avez parlé du pelletage dans la cour des provinces et j'aimerais vous souligner que -- et je comprends ça -- pour être juste on a d'abord et avant tout effectué des compressions budgétaires chez nous. Il y a eu des coupures de l'ordre de quatre milliards de dollars pour nous dans l'année fiscale 1985-86 et la réduction des dépenses discrétionnaires de 10 pour cent dans la même année, ce qui va résulter dans des coupures de l'ordre de quatorze milliards en 1990-91.

Ce sont des mesures, je pense, importantes car ce sont des mesures plutôt inusitées au niveau fédéral, je vous l'avoue, et on est en train, je pense, d'essayer de prendre notre part des responsabilités.

We, first and foremost, inflicted the pain on ourselves and began the process of bringing federal spending under control, not perfectly but in a very real way. Before turning to the provinces, we took it out on ourselves at the federal level. I hope you would agree that, objectively, the numbers will indicate that, before we ask anybody else to share in any way in the burden, we have looked at ourselves and begun in a very real way major cutbacks in our own operating costs, our own expenditures and the way in which we live our own lives up there. I think fairness requires that we do that.

I do thank you, sir, for your -- comme je l'ai mentionné, votre intervention tout à fait compréhensive d'une situation fort complexe.

Prior to adjourning for a brief coffee break, may we hear, colleagues, from the new Premier of Alberta, the Honourable Don Getty.

HON. DON GETTY (Premier of Alberta): Thank you, Mr. Prime Minister, fellow Premiers. It is indeed a pleasure and an honour for me to be here, to represent our province and Albertans at this important Conference. A Conference where we have the opportunity to work together on national policies and the solutions to our problems.

I wish to take this opportunity to recognize the significant contributions that my predecessor Peter Lougheed made to First Ministers' Conferences. As I recall, the commitment to meet annually, which you agreed to last February in Regina, was especially important to him. And I too, want, Premier Buchanan to thank you, on my personal behalf, but on the behalf of our Alberta delegation for the thoughtful and generous hospitality which you have provided. Last evening's lobster dinner was a great start.

At the outset of this Conference let me make it clear that Alberta will continue to insist on a full role in the development of national policies and in national decision-making in Canada. Also, that we are determined to be treated as equal participants in our Confederation. As such, we not only expect to receive the benefits of Confederation, but will also accept our fair share of the responsibility to solve the problems that our nation faces.

With this in mind, we are prepared to work with the federal government and all Canadians in helping to reduce the huge budgetary deficit that troubles our country. That this should be done by negotiation. Perhaps by an agreement, an arrangement, such as suggested by the Government of Québec but it should not be done by unilateral actions.

Alberta is coming out of tough times. Our economic

recovery is broadening. I recently returned to public life after a number of years in the private sector where, in a small business, I experienced those tough times. There were days when that small business was getting smaller everyday. But, personally now, I sense a new spirit of confidence in Alberta and a willingness to once again invest in the future.

Our energy industry, in particular, and the conventional drilling and service sector is returning to its former level of activity. Our governments, Mr. Prime Minister, have signed agreements which have significantly strengthened relations, they have restored investor confidence and improved the economic climate. Canadian welcome these initiatives, the Western Energy Agreement, the Atlantic Energy Accord and the Natural Gas Pricing Agreement. They are fair to the provinces, fair to our energy industry and, I believe, to all Canadians. Revenues have been returned to the industry for investment everywhere in Canada. Throughout the country, jobs, both direct and indirect, are generated. Goods and services are being purchased and our smaller energy-related businesses are growing once again.

However, Alberta's important agriculture industry is still in difficulty. It is the foundation of our province. The Government of Alberta has set a healthy and secure agricultural industry as our number one priority. Agriculture is threatened by high cost of production in relation to market prices and income and successive years of disastrous weather conditions. These are factors that are largely beyond the control of our individual farmers and ranchers and, therefore, in Alberta, we have taken emergency steps over the short term to help our ranchers retain their vital breeding herds and to reduce our grain farmers' energy

input costs. Now, we will always help our farmers and ranchers when they have trouble, but what our country needs is a national long term stable agricultural policy. There are many components for such a long term policy but, in my view, there are two key priority items that we must work on immediately. One is an effective disaster insurance program that will provide known, predictable assistance to our agricultural producers so they cannot be devastated again as they have this year. The second is a long term, fixed rate financing program. We must stabilize this major input cost so that our industry can plan its future. There is no way that you can farm efficiently enough or run a small business fast enough to be able to live with 20 and 22 per cent interest rates. It is impossible. We can then, after stabilizing our industry, direct our minds to perhaps our greatest challenge and that is to be more competitive and more aggressive in both our domestic and export markets.

Mr. Prime Minister, Alberta strongly supports your endeavours to work with the provinces as a team to negotiate a comprehensive trade arrangement with the United States. We believe Canada must be bold. We have matured, we are a tough, resilient, competitive people. We must put aside our old fears and doubts and recognize the long term economic and employment benefits to Canadians that will result from opening up that huge market of our neighbour to the south. So, let us proceed, not by predicting failure, but with confidence in our ability. Surely, as Canadians, we must never fear to try.

Another priority facing Canada is job creation.

Unemployment across our country is too high. I cannot accept projections that Alberta, for instance, in the future must live with unemployment in the range of 10 to 11 percent. In a country as diverse and rich as ours, with its skilled and aggressive men and women, we can do better than that.

But in tackling unemployment, let us remember government make-work programs are not the solution. There is only one permanent way to create jobs: That is by building the vitality of the private sector and by encouraging the profitability and strength of our small businesses. Your May budget, Mr. Prime Minister, went some way to stimulate that economic renewal. We urge you to continue that effort. As these jobs are created, we will work in Alberta for equal opportunities for women as well as men to fill them. As a matter of fact, Alberta has the highest participation rate of women in the workforce in Canada. We are firmly committed to economic equality for women in Alberta.

In building on employment, we can look to Canada's energy sector. There is tremendous potential to do so much more in Western Canada that would create jobs and economic growth. Remember: Investment in major oil sands and heavy oil projects not only provides security of supply for all Canadians tomorrow but they create jobs today throughout the whole country.

When our industry is active, when it is planning, building and operating energy projects, our construction workers have jobs, our small businesses thrive, companies are buying goods and services, from trucks to pipes to compressors, from overalls to tools to computers. This impact would be felt not only in the West; new direct and indirect jobs in Ontario, Québec and Atlantic Canada would be substantial. An oil sands plant would generate

in excess of 136,000 man-years of employment. A heavy oil upgrader would generate 110,000 man-years. Forty percent of these would be outside Western Canada.

Naturally, the opportunities for job creation do not stop at energy. In Alberta, the upgrading of our agriculture and forestry resources is equally important. We need to take this country's abundant agricultural and forestry output and add value to it by further processing here in Canada for delivery to export markets in the United States and the Asian/Pacific Rim.

Mr. Prime Minister and fellow Premiers, I have mentioned the major economic priorities we see ahead for Alberta: Agriculture, trade and jobs. We can successfully meet these challenges by continuing to work, as we have this last year, in a spirit of co-operation, by the federal government and the provinces providing leadership and building the confidence of Canadians, by working together to reach the bright future that can be ours. We in Alberta are committed to this goal.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier. Thank you very much for your observations. Particularly, if I may say, as a number of Premiers have said lots of times on this over the last 14 months, quite frankly, the degree of sadness in this country to see Western Canada having been excluded from the federal decision-making process for so many years was a blight on our national life. That has been corrected. Federal Canada, along with others, is participating in that and is reflected in the fact that, as you mentioned, energy has become an instrument of unity and growth for Ontario, for Québec, even though it is located in Western Canada. I think that is an indication of what we are trying to do.

Monsieur le Premier ministre du Québec parle également de l'énergie, on va sans doute en parler tantôt, but I thank you for those observations. I think they are the basis of federal-provincial relations and growth.

Thank you, Mr. Premier. We will adjourn for, let us say, ten or 15 minutes and come right back.

--- Upon resuming

THE CHAIRMAN: Colleagues, to begin -- à l'ordre, s'il vous plaît, collègues, messieurs de la délégation.

Je demanderais maintenant au Premier ministre du Nouveau-Brunswick, l'honorable Richard Hatfield, de prendre la parole.

I would now ask the distinguished Premier of New Brunswick, our senior member, to speak.

HON. RICHARD HATFIELD (Premier of New Brunswick):
Merci, monsieur le Premier ministre.

First of all, I want to say that I have enjoyed my stay in Nova Scotia and the continued good hospitality of the Government of Nova Scotia and the people of Nova Scotia.

Prime Minister, when we reached the decision in Regina, I said that it was cause for celebration, the decision to commit ourselves to meeting each year and discuss economic issues, federal-provincial relations, social issues, et cetera.

Mr. Prime Minister, I want to leave this meeting celebrating that decision, but I must tell you that I am concerned. The reason I am concerned is because I see, as a result of something that is happening, us running into difficulty.

One part of the concern I have is that I do believe that these conferences can be to the betterment of the people of Canada and can advance the interests of the people of Canada. They can be to the advantage of every First Minister here. I think it is important that we understand why previous conferences have not had the success that they should have had, and the reason, as I recall with a good deal of experience, has been that there has been a serious disagreement develop on a particular issue.

I want to say, Prime Minister, that I am not worried about the success of this conference. That is not what is important. I am worried about whether or not this concept continues. The success of any one particular conference has not prevented us from eventually achieving success.

Prime Minister, we have some important items on the agenda. We have the question of trade, and it is probably one of the most important decisions, one of the most important initiatives, that this government, this country, is going to take in its long history. We should be devoting a good deal of time, now that you have shown the leadership and taken the initiative, to make sure that that initiative works to the mutual benefit of the two countries, the best and greatest two countries in the world, the other being the United States of America which is our best friend and one of our best customers in the world.

Mr. Prime Minister, we have the issue of regional economic development to discuss and women's economic issues. As leader of the government in New Brunswick, I want to make a positive contribution to those items.

Prime Minister, I have to say that I am very disturbed and that the people in New Brunswick are very disturbed because something that is extremely important to them, health and education, is, we believe, being threatened. New Brunswick's capacity to finance those important services is dependent on the assets and the contribution of Canada as a whole and the economy of Canada as a whole. I do not say that with anything but pride.

We, in New Brunswick, understand what it means to be Canadian and we are proud to be Canadian because it does mean that we can have and can expect a standard of service that is comparable with Canadians living in other parts of Canada.

Prime Minister, in 1977, the Government of Canada decided that the way in which health and education services were being financed needed to be reconsidered, that a cap had to be put on the increases in financing of those services and that a new approach had to be taken in the interest of better management and better planning. This was discussed with the provinces. The provinces had another reason for going along with this idea because the provinces were interested in block funding, and we reached an agreement. That agreement lasted until 1982.

In 1982, the Government of Canada took another position. I think it was to our disadvantage. What they did was remove part of the base from the understanding that we had reached in 1977.

In 1985, the Government of Canada announced another decision. They announced it in the budget. Mr. Prime Minister, that decision meant that the escalation factor was being not cut, as you say, but was being reduced. We believed that we would have sufficient time to deal with this and to share our information and argue our information with you and your government.

Suddenly, instead of being something that would become a reality at the end of the five-year period, we were told it was going to be done in 1986-87.

Mr. Prime Minister, there was a commitment made by the Government of Canada to contribute from the revenues and from the economy of this country, to contribute certain revenues to the provinces, and that commitment is still continuing. But, as you say, your plan is to increase the revenues. I suppose I can concede that you are not breaking your commitment to contribute revenues but, Prime Minister, I think you are breaking your commitment by scaling back the commitment and, Prime Minister, that is causing real concern to the Canadians living in New Brunswick. As I said before and say again, the services that we are talking about are extremely important to the people of New Brunswick, to the women of New Brunswick, to the students of New Brunswick, to the increasing number of the senior citizens in New Brunswick.

When we get to discuss this subject in more detail as the next item on the agenda, I will be going into more detail about what we are doing in New Brunswick and what the decision to scale back on the government's commitment to the provinces and to the people of the provinces. I think it is important that it be understood. The government's commitment was not to the government of New Brunswick; it was to the people of New Brunswick, to the Canadians living in New Brunswick and Canadians living everywhere in Canada.

But, Mr. Prime Minister, what really concerns me is, that because our confidence is shaken, because our trust is shaken, it is going to impact on our ability to discuss these other important issues that I think we do have a lot of agreement. Let me mention again trade. We are taking a risk, but I believe that we should take that risk and I believe in our competence and I have confidence

in our ability that, when the risk is of an agreement, that we in Canada, as Canadians, will be better off. Prime Minister, I cannot take a risk. I cannot take a risk with services that are so important as health and education.

I want to say, Prime Minister, that we have recognized that you are going to contribute more but you are going to, if you continue with the position taken in the budget of May, you are going to continue less than what we believe we had an understanding to expect, and that is what is causing a good deal of concern.

Prime Minister, I know how difficult these problems are. I know how difficult it is to address the deficit and I will be talking about that, I will be trying to demonstrate how we have, in New Brunswick, dealt with our deficit. But you cannot, in my view, you cannot say that the only way to deal with the deficit problem, or an essential way of dealing with the deficit problem, is to make a \$2 billion cut in transfer payments between now and 1991.

Prime Minister, if you cannot accommodate us now, then at least assure us that, before the budget of next year is finalized, that we will have a chance to share and try our best--and I pledge that we in New Brunswick will do our best--to share information, because there is a difference of understanding as to the facts, as to the real facts. I think that that kind of problem can be overcome. So what I ask, Mr. Prime Minister, I ask that you take the time--you take the time--to listen and consider another point of view, the point of view of the provincial governments that have the constitutional responsibility and have the genuine concern for the delivery of services to classrooms and hospital beds.

Prime Minister, I have to say this, because it is

so troublesome. It is so troublesome to the government of New Brunswick, but more than that, Prime Minister, it is troublesome to the people of New Brunswick. I am sure that it is troublesome to the people of Canada.

Prime Minister, we are talking about federal-provincial relations. In order for federal-provincial relations to continue to improve--and you have certainly sent this country in a new direction and in a better direction--I am sure you want that to succeed; I want to tell you I want it to succeed. I have gone through the experiences of a government that was determined not to work with a province, not to work with several provinces.

Prime Minister, we have to, first of all, maintain and improve the standard quality of the trust around this table. We have to do it because it is being jeopardized by a decision that was taken, maybe for the right reasons, but it is going to have the wrong effect.

Je suis très intéressé dans la proposition du gouvernement du Québec. Ceci est le genre d'initiative dont nous avons besoin.

Why? Because, obviously, we feel that it is not enough to reach an understanding here, to reach an agreement, that we have to spell it out and write it down.

I would like to believe that, when we reach an agreement, I know it does not have the force and effect of a constitutional commitment but, Prime Minister, you know as well as I know that there is in our jurisprudence such a thing as a convention, and you know as well as I know that conventions have been respected. I say to you there was a convention established in 1977 that every five years we would, together, review the question as far as established program financing is concerned.

Together, we will reach a solution that will be beneficial and will address the problem that the Government of Canada has and that we share, because the Government of Canada is our government.

Prime Minister, as I said, I think there should be more changes made, perhaps. I have some serious doubts. I have been to a lot of them, and I am not thinking of anyone in particular, and I am not thinking of any one conference in particular, but, now that we have institutionalized the First Ministers' Conference, I have serious doubts about the Premiers meeting by themselves. If they want to meet and discuss provincial issues, fair enough. But, if we continue as Premiers to meet and discuss federal issues without the presence of the federal government it is not going to be conducive to the success of this conference.

I think we should give consideration to that.

I think that there may be some other areas.

We reached, in Regina, which was confirmed by your government's decision in June on a set of principles with regard to regional economic development and, yet, since that time, Prime Minister, we have had a budget that did not make any reference to regional development. I came down here on Tuesday to make the point that we are proceeding with a national Transportation Act without any reference to regional economic development.

Prime Minister, we have to go beyond principles. That is the reason we need annual meetings, because we have to discuss the concerns we have, be sure that those principles, those commitments, those agreements are being effective and are working. So, as I said, I want to see us make progress and I hope and I will contribute to making progress. That is what Canadians want.

There is recovery of our economy. We do feel it in New Brunswick. A lot of issues and aggravations have been addressed by your government and they have been resolved by your government.

Prime Minister, there is one area of real, genuine concern. That is, there was an understanding, there was a convention and it appears to have been broken. Let us put it back together again to our mutual advantage.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier. The Premier, quite properly and very eloquently, raises a very sensitive issue. We are at the dilemma, I am sure, the great dilemma in Canada of whether we pursue the -- I say this not in an argumentative way, I think the Premier knows that -- whether we pursue the policies of economic renewal, which are not throwing off good benefits for

all areas of the country in terms of employment and interest rates and growth and so on; or profligacy that we have seen in the past and they are incompatible, we cannot have both. I think we all recognize that. We either go one way or we go the other and I think collectively we have established that the new way of proceeding, which requires some attitudinal change, is working. And I think it was in that intention that we all embarked upon this.

May I just say, because I do not in any way listen with anything other than sympathy that the points raised by my honourable friend, I just want to point out that with regard to it that Richard puts it in terms of classrooms and hospital beds and that is the way it should be put. Under our formula contributions to classrooms and hospital beds in New Brunswick in the next five years will increase faster than the rate of inflation, faster than any other federal programs, and faster than transfers to persons. That the growth -- and I do not think this is all, I think this should be pointed out -- that over the coming years the equalization program, Canadian assistance programs, IRDA's, which are of great benefit to New Brunswick, will grow in rather dramatic fashion.

So, I want to tell the Premier of New Brunswick, who has along with Atlantic Premiers, perhaps others, special kinds of problems, that we are not insensitive to that. We are not insensitive to that at all. The Premier asked me to listen with care, I can assure you that I have, sir, and will continue to do so. What we are looking for collectively, I do not think there is any disagreement, is long term durable growth for the country, strength for our regions, and it is encouraging that that is beginning to happen in a dramatic way.

When the economic indicators are almost all positive, that is good for Canada. When growth is being reflected in all of our regions, that is a sign I think of the beginning of wisdom. We are going the right way. And I think we have to try, notwithstanding the pain it sometimes causes us, to keep going along that route.

So, I thank you, sir, for your observations. I can assure you that -- I guess I have been accused of a lot of things in federal-provincial relations but not listening is not one of them. I listen with care to you.

Premier Pawley.

HON. HOWARD PAWLEY (Premier of Manitoba): Prime Minister, as you know, the Premiers' Conference in St. John's in August resulted in seven joint statements on issues of importance to the provinces.

I want to join my colleagues in acknowledging your readiness today to discuss those issues with us here in Halifax. Obviously every Premier wants to speak for himself and what our August conference signalled about the current state of federal-provincial relations.

For Manitoba, the number of concerns identified at the St. John's conference was not a surprise. We had major concerns, even before the Regina conference, especially some of the cuts announced in last November's Federal Economic Statement. Those concerns grew in the months after Regina.

The May Federal Budget was probably the single most important event that made it clear to us that the new era, which we all wanted and to which we dedicated ourselves in Regina, just was not happening.

I have heard it said more and more lately that on key issues, Mr. Prime Minister, and especially on the cutbacks on

medicare and post-secondary education, this federal government's approach unfortunately is too indistinguishable from that of the approach of the former administration. And yet, as province after province and Premier after Premier has tried to emphasize over and over again, year after year, federal-provincial financial relations are at the heart of overall relationships amongst our governments. They can make, they can break the other relationships because they mean so much to them.

These financial arrangements, equalization, the Established Program Financing Arrangements for medicare, for post-secondary education and others, have been built up painstakingly over the decades. They are the method that Canadians have worked together co-operatively in order to share the real benefits of Confederation. And they provide one of the clearest ways of judging whether we are sharing those benefits fairly and equitably.

Our financial arrangements translate principles and rhetoric into hard numbers. We can see those arrangements in Ottawa. We can see action, we can see results.

Our medicare system is there because of the federal-provincial arrangements over the years. So is our system of universities and community colleges. And so are a great many other services and programs Canadians often take for granted.

When the financing arrangements, which shape and support these vital programs, are threatened, Mr. Prime Minister, by unilateral action, as I think most provinces perceive them to be at the moment, then we have to ask ourselves: What has really changed in the last year? What has happened to the «new era»?

Whatever the answer, I think it is important for us to determine it as clearly as possible here in Halifax.

Before coming to this conference, I said I thought that federal-provincial relations had declined quite seriously over the last several months and that the May budget was one of the principal reasons.

I also said it was not too late, at least from our point of view, to try to turn the situation around, to restore the kind of goodwill which marked our meeting in Regina, to try to make the new era work in the way that we wanted it to do on a collective basis.

Mr. Prime Minister, earlier this week, I sent you a copy of the "Manitoba Position Paper on the State of Federal-Provincial Relations" so that you would have a chance to go over it before the opening session this morning.

I would like to refer to one specific section of that paper just for a moment.

I emphasized that none of the joint statements issued at the August Premiers' Conference questioned the sincerity of the federal government's intention to improve federal-provincial relations. Then it went on to say:

"Obviously, the Government of Canada could produce a listing of a number of positive developments in federal-provincial relations since September 1984. (And, of course, now we see that we have that in this little booklet which was included in our conference kits.) However, a credible assessment of the current state of federal-provincial relations must also acknowledge the concerns expressed by the provinces and the regions of Canada."

Our position paper outlines Manitoba's concerns about the items on our conference agenda and offers what we feel are most constructive, common-sense ideas for dealing more effectively with those concerns over the next several months.

The ideas are straightforward. I think you will find them consistent with the views expressed in your own progress report.

First, the federal government should immediately suspend action on any cuts in federal programs affecting provinces for 1986-87.

We see that recommendation as essential -- to remove the threat currently hanging over the programs and the negotiations and to demonstrate proper good faith.

Secondly, we suggest giving our responsible ministers a deadline of the end of this fiscal year and directing them to put together some joint recommendations on how to resolve the main concerns raised by the Premiers at the August conference.

To make that process workable, we are also saying that the federal position on some key matters, such as the future of medicare, must be clarified, preferably during this conference today and tomorrow.

Our third suggestion is that First Ministers meet again in late winter or early spring to review our ministers' recommendations and decide on whatever action is needed to follow them up. We believe such a meeting would also be desirable to discuss other issues such as trade.

For added support for this suggestion, I would like to refer you to your own progress report, on page 1, where it states:

" To make enlightened decisions on specific policies and programs, it is critical that all governments arrive at some common views ... Given our system of government, this can only be done by First Ministers acting in concert."

Then, on page 8, it goes on to say:

" In no other way than through regular discussions among First Ministers can the eleven governments develop and maintain the broad national consensus..."

and so on.

Critical to all these recommendations is some straight talk at this conference. We all have to clarify where we stand on the key agenda items we will be reviewing over the next two days.

To help with that clarification process, this conference should address some specific questions -- questions about fundamental priorities, about the way we do business with each other.

Here are some examples of what I mean:

A question that is critical to all provinces, but especially to smaller provinces like Manitoba and our hosts here in Nova Scotia, is: Do all of us continue to agree that regional development is of top priority? If so, why was this priority virtually ignored in the May budget?

After that oversight was noted by Premiers in August, why was regional development apparently again ignored in the federal Finance Department document published earlier this month entitled, " Securing Economic Renewal -- A Progress Report" ?

Why were agriculture and transportation programs singled out for a high proportion of the program savings for 1985, which were announced in the May budget? These programs are vital, Mr. Prime Minister, to regional economic development in Canada. I should add that the federal Finance Minister's report highlights these cuts.

Finally, why was a commitment to the use of transportation policy, as an instrument for promoting economic development, omitted from the list of guiding principles in the proposed new National Transportation Act, even though the principles were endorsed by the First Ministers in February in Regina. Why has this omission, Mr. Prime Minister, not been corrected in the three months since all 10 Premiers in Newfoundland urged that correction?

This conference should also address another set of priority questions dealing with medicare, federal-provincial financial arrangements. Before last September, we were encouraged, to say the least, by frequent commitments by all national parties to the future of medicare and to the improvement of medicare financing.

Prime Minister, two years ago, you characterized medicare as a sacred trust. Right here, in the province of Nova Scotia, in New Glasgow to be exact, you said a Conservative government would restore the original 50-50 split in medicare costs between the federal and provincial governments.

You also said, Mr. Prime Minister, that the answer is clearly in the circumstances, more money to provide services.

It is a question of where our priorities are. Our priority would have to be to provide quality Medicare, even if priorities might have to be rearranged in other areas.

Do these commitments still apply and, if so, how can they be reconciled with the plans in the May budget to cut back Medicare, other key payments to the provinces and with tax breaks, like the \$500,000 capital gains tax exemption and the \$15,500 RRSP limit which will cost more than the cuts, in answer to the question that you posed to Premier Johnson as to where the money can be found.

There are still more questions:

On the subject of tax reforms, a subject that Manitoba raised at the Regina conference, do all provinces still share the concerns about the fairness of the national taxation system?

We identified in our August communiqué that concern in Newfoundland. Are we prepared to go forward with a comprehensive approach to tax reform, using the minimum tax as a symbolic interim starting point, as a first step, not a final step? What about a national conference on tax reform?

On trade, are the consultation arrangements which have been discussed by our respective governments in place and are they of satisfaction to all parties?

On agriculture and transportation, is there enough joint commitment to go beyond the principles, to take joint action on critical issues facing western farmers and, of course, the fishery on the East Coast. For example, can the farmers of Manitoba and Saskatchewan have the federal government's assurance that a Wheat Board plan, Mr. Prime Minister, to deduct artificially inflated freight charges from payments, will not go ahead?

On economic equality for women, a key question again is: Are we prepared, not only to agree on policy principles around this table, important as they may be, but also to move on to some key priorities, such as stepped-up federal support, child care, possibly along the lines of Manitoba's proposal for a national day care act.

I think we must deal with questions of process as well. For example, what determines whether an issue will or will not be the subject of significant consultation process? In that connection, is there a reluctance to hold ministerial level consultation on the activities of the Nielsen Task Force? If so, why? If not, when can we have some genuine consultation? What is going on in so far as the Nielsen Task Force?

Prime Minister, at our Regina conference, there was a great deal of goodwill. That meeting has been compared to a love-in. No wonder. It has been a long time since any of us heard statements like some of the ones you made in that introductory statement.

You said things like: Canadians should recognize that the ground rules governing federal-provincial relations changed last September. You said: I want to assure you that all federal ministers will greet with interest any suggestion from the provinces on the direction of national policy.

My colleagues and I fully recognize that provincial governments have a vital and continuing interest in the regional implications of national policy. For our part, you have said, Mr. Prime Minister, we have set aside once and for all the feds know best approach to federal-provincial relations.

We expect that the broad concerns of both orders of government will be given equal consideration when discussing issues

of mutual importance.

Also, we would inevitably fail, over the long haul, if any government tried to progress in a hasty, in an arbitrary or in a unilateral way. Those were your words, Mr. Prime Minister.

At the end of the Regina conference, I expressed agreement that the real test of success of our discussions would be in action, the action which would follow them, and especially whether that action was fair to all Canadians and to all regions of Canada.

I also stressed--and I do so again today--Manitoba's commitment to co-operation to the improvement of federal-provincial relations. We strongly believe, as you do, that federal provincial co-operation is essential to economic renewal in Canada. That is why we very much hope this conference will mark a positive turn-about in federal-provincial relations. We hope it will mark a willingness to learn from the problems today, from the mistakes of yesteryear. We hope it will mark a dedication by all of us to work for the kind of new era you yourself described so eloquently at Sept Iles in August, 1984, and in Regina in February of this year.

Mr. Prime Minister, we share that vision. We do not want to give up on it.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Premier.

I assume that federal-provincial relations' progress in that area is like beauty: It is all in the eye of the beholder. I am a little astonished at the bleak assessment of my friend, the Premier.

The Premier says that the test of federal-provincial

relations is in results, and he is right. I look at the Manitoba results over the last year. We have record growth of 4.3 percent, an unemployment rate down to 8.6, which is remarkable compared with other provinces, employment growth of 1.4, record numbers of new jobs as a result of the federal-provincial co-operation and our mutual programs, and I know we will come back to it on the economic side this afternoon.

HON. HOWARD PAWLEY: Mr. Prime Minister, I want a chance to rebut.

THE CHAIRMAN: You can.

HON. HOWARD PAWLEY: There are some other comments that you should hear.

THE CHAIRMAN: You can, Mr. Premier.

HON. HOWARD PAWLEY: Yes.

THE CHAIRMAN: I just say that Manitoba, I think, in the last year has done exceptionally well. I think any objective criterion would and I know that you will want to take some time to acknowledge that this afternoon.

HON. HOWARD PAWLEY: The purchases and some of the other things.

THE CHAIRMAN: Mr. Bennett?

HON. WILLIAM R. BENNETT (Premier of British Columbia): Thank you, Prime Minister.

At the beginning, let me, as others have done, congratulate John Buchanan on the arrangements and the level of welcome that has been extended to us. It is in keeping with the type of welcome we have received before in Nova Scotia. I would like to tell you how much easier it has made our task in working at this conference.

Also, let me extend my welcome to the new Premiers

at their first conference: Premier Getty, Premier Peterson and Premier Johnson. I have been extremely interested in listening to your contribution. Mr. Prime Minister, I do believe I see a consensus developing as much as concerns have been expressed on the two key issues. Having attended ten years of these conferences now, I also know that, while we have the opportunity for a prepared text, as I have, I am going to circulate it and not read it, recognizing that our greatest stride forward is when we talk to each other and perhaps not to the cameras. In fact, we have a consensus developing that I think Canadians are interested in seeing happen in federal-provincial relations.

I think what I have heard is that federal-provincial relations is a two-way street. When it comes to trade negotiations which are part of the answer and part of the economic development strategy for economic renewal for our country, I believe what I have heard is that the provinces want to be, and must be, represented at the table along with the federal government. Canada is speaking with a single voice, but a united voice that can only be united when the provinces are part and parcel, not only of the preparatory negotiation position, but the adjustments that will be made over time in response to demands and issues put forward with the negotiators from the other side.

On the other hand, as I have heard the other Premiers--Premier Peterson and Premier Johnson--the federal deficit is not just the federal government's problem, it is of such proportions, it is a national problem. It is our problem and, I agree, it is a two-way street, that the provinces must be prepared to be able to sit down with the federal government and discuss how you resolve a deficit that is the biggest threat to the social programs that many here have to eloquently defended today.

As I see the percentage of the federal budget and provincial budget, the percentage that goes to interest and servicing the debt, I can see less and less money available for health care and education, a far bigger threat than if we were to sit down now and make some tough decisions on how you resolve that problem and how we play a role.

More than just one sharing program should be on the table. I know the Nielsen Task Force is looking for ways to end duplication. It reminds me of the work the Western Premiers' Task Force did a number of years ago on constitutional trends which tried to identify as they developed duplication introduced by the federal government at that time which was putting an undue burden on our taxpayers, contributing to a growing cost of government that did not deliver essential services but, in fact, was, in our view, a competition for dollars that should go to the areas in which people received direct help.

I believe it is time to level with the Canadian people on costs, on government and how we have a dual responsibility to solve it. I think it is very easy to get into the argument of hospital beds and classrooms. I have been through, as the province that was hit hardest by recession, along with my neighbouring province of Alberta, because the prosperity that made us large contributors to this country during the 60s and the 70s, in which we, along with Ontario, were pleased to contribute to equalization that provided beyond these sharing programs we are talking of, contributed contributions to general government for our other provinces. It is interesting to note that, even though we were the hardest hit because our commodities and our products are world products, they were resource products and like every other resource producing area of the world, the demand and price fell

through the floor. In the case of British Columbia, as the Premier of Alberta knows, it was more devastating because we did not have even the benefit of a weakened OPEC providing a floor under forestry and mining, industries that have been structurally changed. It is not just the dip; they have been structurally changed forever.

We had to face the kind of things you are doing now, Prime Minister, not because we wanted to but because we had to. We went through the argument. I know the argument of when you set out to cut costs, it is very difficult to answer an emotional response. When arguments are made at this table that the costs of education and health rise above the inflation rate and that it is a question of hospital beds and classrooms, I want to tell the Canadian people and this table that, really, in those two areas where the largest cost by far are wages, the largest cost increases are in compensation increases for public servants, whether they be teachers or whether they be those that deliver the health services.

I have been through this argument in our province. We were accused, in trying to deal with this problem, of weakening the health system. What we were able to do is preserve the health system by moving from the highest cost per hospital bed in the country to today of being fourth lowest. That means that there is greater access at affordable cost for the people.

We have tried to contain, within reasonable limits, not roll-back, the demand for higher compensation from those who work in the system.

I want it clearly stated that increases in education and health care--undue increases not being the fault of putting in more classrooms and hospital beds, I reject that argument--that is a legitimate argument when that is the case--the largest

costs in recent years have been those for compensation increases that have not been there for the ordinary person in this country who has faced layoffs in the forest industry and the resource industries, in manufacturing, in tourism and in other industries when the recession struck and, as I say, it was not a level recession. The recession struck more severely in the western part of Canada than it did in the rest of the country.

It is a credit to the strength of the economies that we have built that, even during our darkest times and biggest drops, that we have been able to continue to pay equalization to Manitoba, to New Brunswick and other provinces at a time when we were wrestling with great difficulties in our own financing. Having gone through it, Prime Minister, we are willing to be a part, as part of the partnership. We want to be at the table in trade. We must be, then, at the table in trying to help you resolve a national deficit which is the greatest threat to the safety net of social services that our people face. Making decisions now, not delaying them, will provide greater stability and a greater guarantee that those services will be there in the future, not for just those we serve now but those who want those services four, five, six, ten years down the road.

So, Prime Minister, I want to say we are willing to be a part of it, but I would like to see more than a single initiative that involves the provinces.

I really believe that, when we set up these conferences, we were going to do more than just plan a year at a time. Our original commitment was to five years of meetings. I think we should be looking to five years of planning how the provinces play a role not only in their own budgets but in the federal financing and the targets that you wish to achieve and the areas you set out for containment of costs so that we can reduce the federal deficit at the same time as we guarantee the social safety net of services for our people.

You cannot do that if the only initiative on the table is the EPF program which deals with health care and education. There are other federal sharing programs in which the provinces are involved, whether it is for general government administration or regional development or economic development, that must become part of the equation. It would be impossible for you, as a government, to deal with that if we each keep saying, as we get to each item: health care is our first priority; education is our first priority; regional development is our first priority; the IRDA is our first priority.

Obviously, when you have a number of programs, we have to make some tough choices. I think you should put them all on the table and I think we should be part of the planning and targeting of where you are going to go in this country, where you are going in our country, and share with the Canadian people the size of the task and how we are going to achieve it.

I tell you, Prime Minister, as much as I want to be a part of the trade talks, I am willing to be a part of

resolving what is a national problem of proportions so significant that, while it does not show up, perhaps, in your public opinion polls, is, perhaps, the greatest threat to many of the items that people do say are a priority, such as the services that they receive from government, from health care to policing, and that we must resolve it as responsible first governments. I think the Canadian people are ready for that. They are ready to see us make some agreements.

When we do that, we can do what we set out to do, and that is co-ordinate our budget proposals, have a greater understanding of the policies that are going into working together, the type of partnership that we say will work. It started to work in February and can continue to work today because there is no time in our history when we needed to work together more.

Secondly, I see increased trade as the only way that Canada can sustain and expand its standard of living. Increased trade. Right now, the high level of standard of living that Canadians have become accustomed to, which is 30 per cent of our gross domestic product, is from international trade. If we are going to sustain what we have, we will have to increase our penetration in international markets.

I do not think the U.S. is the only market, but then I thought that a number of years ago as British Columbia -- not diminishing our trade, Premier Peterson, with the U.S., but expanding it -- took our percentage of dependency on the U.S. and, with a strategy, increased our trade into the expanding Pacific Rim so that we have become Canada's largest supplier to Korea and to Japan and other Pacific Rim countries. Our dependency on the U.S. has dropped from 67 per cent to around 45 per cent

of our total trade. It is not that we are not trying in the U.S.; it is just that we have a strategy of doing that for over 10 years, and it is working.

I will tell you this: There are two important trade issues that can put stability into Canada's economic plans, that can put the type of stability that will attract international investment and jobs into this country and into all parts of the country. One is a further round of GATT negotiations which will take place. Further discussions will take place in Tokyo next year. It is important that we continue to build on the growth that has taken place in the world economy since the Second World War, that has grown only because countries of the world, through GATT, have continually liberalized trade. As trade has increased, so has the prosperity of every industrialized nation in the world -- not equally, but liberalization of trade has been responsible for the greatest period of economic growth the world has ever known.

We have a harsh lesson of protectionism, no matter how persuasive and pleasing the argument may be, taken from any standpoint of what protectionism means because, if you go back and if you could get the arguments that were made when the Hawley-Smoot tariffs were introduced in the United States in the thirties, it sounded very pleasing that they were protecting jobs and so many would be lost if they did not build a wall around the United States. However, effectively, that legislation which was the ultimate in protectionism reduced total world trade within just a few years by two-thirds. The world plunged from a level of trade that gave a standard of prosperity to a level of prosperity that was decreased by two-thirds as trade decreased by two-thirds.

These are general lessons that we must have learned and from which we should build.

While we proceed with GATT, Prime Minister, I want to congratulate you. You have tackled an issue which you must have known would bring out arguments from those who are fearful, special interest groups and others, and that is stabilizing, at the same time, our trade with our largest trading partner, the United States. It is a geographic fact that it is right next door, and it is also a fact that we cannot run away from and hide. It is also an opportunity, though, to stabilize a trading relationship that we have taken for granted, one that we never thought would be threatened.

I have believed in a comprehensive trade pact long before the mood of protectionism swept through the United States, in a political sense, in response to their over-valued dollar and their inability, through their currency, to compete and to have foreign goods, including Canadian, more competitive in their market, which is giving their consumers a great break at the present time. I have believed we should stabilize it.

If we stabilize it with a formalized, comprehensive agreement, investment decisions can be made on our side of the border with greater security, greater long-range planning and industries of scale can be developed that then will have greater stability, taking advantage of the growing world markets, particularly the Pacific Rim. Because, geographically, we are on the edge of it, we take great interest in it.

I do not think we need be fearful. We start off these trade talks with two major advantages. You might say they are temporary, but I think it will show that there will always be some historic difference. We start off with a 30 per cent plus

currency advantage. We start off with a major advantage to attract industry into this country under an agreement. We start off with something the United States cannot change -- they might be able to adjust currencies -- and that is a far cheaper, stable, secure energy supply, whether it is petroleum products or hydro-electric potential and existing capacity, which is going to be a prime source for industrial development and stability in the future.

The only areas where some Canadians appear uncertain are in whether our managers have the skill to manage equally and our workers have the ability to compete effectively and competitively.

I want to say that I have never lost faith in the Canadian worker or our managers.

Prime Minister, I believe we should proceed with these trade talks. It is one process that we must discuss here -- not items. We all have concerns about certain parts of our economy, whether it be agriculture or certain industries. We must set up a process in which the Canadian team represents eleven governments. I think I heard Premier Johnson and Premier Peterson say the same thing in that regard.

One final argument for those who say that Canadian workers cannot compete. Our forest industry has gone through a great adjustment on the world stage, as has the U.S. and as has every other country. Our Canadian forest workers are paid more than their U.S. counterparts. At the same time, they are more competitive today, having achieved productivity increases of 40 to 60 per cent. That is the Canadian worker getting higher wages, competing in the U.S. and in markets where we have an opportunity, effectively adjusting to a tough

competitive situation. If the forest workers in British Columbia can do that, I know that Canadians everywhere, given the challenge and the opportunity, can always out-produce and out-compete and can deliver a level of prosperity to this country that cannot be matched anywhere else in the world.

Thank you, Prime Minister.

THE CHAIRMAN: Thank you, Mr. Premier. That is what the conference is about -- new opportunities and where we are going to be in four, five or six years, and new horizons for all of the country. I thank you, sir, for your impressive review.

May I ask the Premier of Prince Edward Island, please?

HON. JAMES M. LEE (Premier of Prince Edward Island):

Mr. Prime Minister and Premiers, I would like to welcome our colleagues to the table, Premiers Peterson, Johnson and Premier Getty for the first time to the First Ministers' Conference. Also, I would like to very much thank our host Premier John Buchanan from Nova Scotia for the excellent hospitality which I have come to know for some time in Nova Scotia has been the norm. When anyone visits Nova Scotia they are always well received and the hospitality is only second to Prince Edward Island. Thank you very much, John. You make the conference that much easier to participate in when we know we have the hospitality of Nova Scotia.

Mr. Prime Minister, this is our first meeting under the new agreement which was signed in Regina for the First Ministers. It is, therefore, sir, the start of a new era, in federal-provincial relations, a new era that is much appreciated.

I hope the effort and achievement of this particular conference, the first, will set a standard for the future, for future meetings. Getting together by itself is not enough but I think working together and the success of that work is really what counts.

We have held over the past year a number of federal-provincial meetings, as has already been mentioned, of First Ministers dealing with the Budget and dealing with trade issues dominating most of the agendas. And I want to say, as a province, Prince Edward Island welcomes the opportunity for input and we look forward to the effective co-operation that has already been started.

I also want to say, sir, that over the past year we are pleased that our two governments, the government of Prince

Edward Island and the federal government, were able to negotiate an electrical agreement for the province of Prince Edward Island which reduces to some extent the cost of power to the consumers of Prince Edward Island, which is three times the national average. We have tried and we have tried many, many times for many years to work with other governments to achieve this. What I want to say, sir, it was only through the commitment of your government, your commitment yourself in identifying this particular problem that Islanders were able to realize some easing in this obstacle to development and growth that we have been experiencing for some time. I want to say on behalf of Prince Edward Islanders I am very pleased that the federal Minister is sitting on your right because he shares this with me. On behalf of all Prince Edward Islanders we want to thank you very much and thank your government for what you have done for us.

In looking at the agenda I am pleased, Mr. Prime Minister, that the topics of agriculture and fisheries appear on this agenda here today. This is somewhat of another first and I am pleased that these issues have finally been raised to the level that they deserve.

It is fitting that as we hold this first of many conferences that these two essential elements of our economy will be discussed. For my province, the province of Prince Edward Island, farming and fishing are more than segments of our economy. They are our way of life, a way of life I want to preserve and a way of life that we want to see prosper. Through co-operation, we feel as government leaders, we can achieve that goal.

Our goals must complement one another as two levels of government. If not, I feel our country will continue to bear the past strengths of confrontation.

The problems affecting the primary producers are slowly spreading to the support services in industries. The impact of these conditions is particularly significant for the province of Prince Edward Island but I think we have to be realistic.

There has been and there will be more casualties in the farm financing shakedown as it continues. It is a responsibility of government, however, to create an environment in the field of farm credit which ensures that agriculture has access to adequate supply of credit at competitive costs and within a system that responds to the needs of the farming sector. The policy I talk about must be a national policy and it must help to keep the farmers' credit costs competitive and on a global basis. The Farm Credit Corporation should be designated as a lender of last resort with its lending policies broadened to handle operating credit and long term farm leasing.

Canada needs a revised farm credit policy. That is why I raise the issue here today. A policy that will provide for the long-term competitive needs of the Canadian farmer operating in an international marketplace. We know that this policy will take time to develop and some commodities, sad to say, I feel do not have a lot of time left on their side. The potato sector is in dire circumstances in my province and at the present time.

Just this morning as we entered the World Trade and Convention Centre here, we seen a demonstration by the National Farmers' Union out front, some from my province, showing and demonstrating in an orderly way their concerns and requesting that we, as First Ministers, be aware of these concerns and deal with this serious problem. In order to address these needs in the short-term, governments should designate potatoes as eligible

for assistance under the authorization of the Agricultural Stabilization Act.

A payment for the 1984 crop or, alternatively, an interim payment for the 1985 crop, must be made. For longer term stability producers and governments should actively pursue the merits of a tripartite stabilization program for potatoes which is now possible under the Agricultural Stabilization Act itself. Coincident with the Tripartite Stabilization Program should be an evaluation of the marketing opportunities for canadian potatoes.

As well on the agenda we talk about fisheries and in fisheries we are holding our own in the inshore groundship sector. However, our reality, and we rely very heavily upon small offshore groundfish sector, our industry and provincial departments have warned over the past two or three years the quota allocations for the Gulf redfish were too high and that access to the stocks for vessels outside the Gulf of St. Lawrence should not be allowed. This advice was ignored and in 1985 we see our catches of redfish reduced by as much as 40 per cent.

A further point of major concern in Prince Edward Island's offshore fisheries is the diminishing access to stocks of offshore groundfish. The closure of our Georgetown Seafood Plant has not only been a major blow to a community heavily dependent upon the employment generated by such a facility, but it also meant that my province has lost what, in our terms, are substantial quotas of groundfish.

It is one thing for a particular business or processing facility to fail, but it is quite another for our province to be denied the benefits of the public property resource associated with that facility. In order for Prince Edward Island to maintain its historical and just access to the offshore groundfishery, this quota must be returned to the province of Prince Edward Island.

Dealing with trade, today, Mr. Prime Minister, we hear the United States' officials in particular talking about fairer trade with Canada, not free trade or freer trade.

It is fairness, therefore, that determines the character that we have as a people. Our federal state in itself is strained because of what is fair. We have regions that prosper because they have the political power to attract the economic seeds of growth while others are resource rich.

I believe, therefore, fairness is the challenge for all governments in Canada. We must know the facts before we make any decision, that we know where we are going, first of all, in transportation, on economic and regional development and on transfer payments. Only then--only then--can we discuss and fully assess the implications of trade negotiations with United States.

What role, therefore, can improved trade play without an effective transportation system or policy?

At the present time, we seem to be on the brink of some major direction, some change in transportation in our country. As a result of some papers recently released by the federal government, I personally am concerned about the direction we are headed in this area. Transportation, therefore, is part of the foundation for economic growth, not only in Prince Edward Island but in all the less populated areas of our country.

Therefore, any new transportation policy must recognize its role as an instrument of economic development and the integration of that into the total policy.

During the Premiers' Conference in August, I stated at that time that transportation will probably be the key factor

in the future business climate of Canada. We all share in that climate and we must be involved in that decision-making process.

A serious overall change in the field of transportation policy could cause, I feel, serious economic imbalance and act as a deterrent to other development efforts.

The provinces, generally, in recent years have not been involved in transportation planning outside their own boundaries but, given the importance as we see it today, of the subject to economic growth, we must seek and be involved and make sure that our interests are well expressed.

A national planning transportation board, with equal representation from each of the provinces would be one vehicle to put the federal, the regions' and the provincial interests together, a working group that reflects the needs and interests of all Canadians and I would suggest, Mr. Prime Minister, that such a board be given serious consideration for the future.

The economy in Prince Edward Island has had considerable success in coping with the unemployment situation, even though there is much more to be done. The number of jobs created in Prince Edward Island during the past few years has been the largest percentage increase in recent history. This, coupled with the largest population growth that we have had, bodes well for our future.

The past few years have allowed us to adopt some sound fiscal management policies in order to advance the economy into the latter part of the 1980s. The deterrents to growth are being worked on but the dominant factor that remains is the uncertainty that exists on the social side.

We have major concerns with the fundamental social

development programs nagging at our heels with respect to the fallout from the last federal budget with regard to transfer payments. We were worried, and rightly so, about the effect that it will have on our education system, on our health care system and on our people in planning for the future.

Mr. Prime Minister, we have a genuine opportunity to forge ahead and your attitude toward federal-provincial co-operation has sown that seed. I would suggest that we continue to work, as First Ministers through these conferences, to build on what we have, to build on the fact that, as First Ministers, we come together, we discuss the problems and we discuss them openly and frankly.

I feel that the problems that have been raised here today are genuine and are of serious concern. There was mention of a commitment, a commitment that we all shared in 1982, and I feel, by sticking to the commitments that we have made is what builds strength and confidence in any relationship. It is the very key to the fabric of which effective co-operation is made.

As a provincial leader, I understand the desire of the federal government, as Premier Johnson earlier eloquently stated and I am willing to work towards the collective goal of controlling the spending, as we have done as provinces over the last number of years. I do hope that the goal will not override the need to foster the spirit of good relations.

Our collective commitment should be to holding the line on the percentage of costs and we each contribute to the funding of health and education services.

I look forward to the continue of the debate, the agenda items that we will be dealing with this afternoon and tomorrow.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Premier.

I turn to the Premier of Saskatchewan, please. Mr. Devine?

HON. GRANT DEVINE (Premier of Saskatchewan):

Thank you, Mr. Prime Minister. I will be as brief as I can because I am sure several of my colleagues are getting hungry.

I want to thank John Buchanan for the hospitality. It is always first class, John. We were treated well when we were here before and you are not letting us down at all. You are doing a fine job.

I also want to welcome the new Premiers, Premier Johnson, Premier Getty and Premier Peterson. It is nice to have you here. I am sure you will find the discussions interesting and I have appreciated your comments.

Mr. Prime Minister, I will speak later at length on agriculture and on trade and better opportunities for women. Right now, I just want to talk about the process that we are in primarily.

I want to say that I was honoured to be able to co-host the first time we did this in Regina. I want to say Regina worked; it was a very good conference and it started something. It started us talking together, with each other, not only just the Prime Minister and the Premiers, but the Premiers talking to the Premiers about the Prime Minister and with him and so forth.

What I want to say today is that this conference is working for several reasons. One, I see it working in terms of the alternatives that are brought forward by Premier Peterson with respect to trade and by Premier Johnson with respect to the whole process of establishing various ways to allocate money.

I am going to give you several examples where it is not only working today, but where it has worked in the last few months, particularly in Saskatchewan, and I am happy to say that. It is not that it is not without problems; we have problems. You and I disagree on some things, but it is how we deal with the problems that is extremely important. In the past, we did not always have that happen, and it could be extremely difficult.

I want to give you some examples where it has worked very well and has been very positive. If we continue to co-operate and throw ideas out, it seems to me that the country, as Bill Bennett puts it, is going to be better and significantly better.

As you know, there is nothing in Saskatchewan more important than agriculture. You cannot find anything that has a higher priority. We have almost half the farmland in Canada. It is like the picture John gave me last night. There is a grain elevator there and a little railroad track and a person standing in the snow. That is Saskatchewan. Agriculture is extremely important.

This conference is working because, for the first time in history, as far as I know, agriculture is on the agenda. It is here, and we worked hard among the Premiers to get it here. The Prime Minister agreed that it should be here, and it is being discussed. Food and agriculture and fisheries are extremely

important. We have it here in the spotlight, up front, and getting the respect it deserves. That is the first example that I can give.

Secondly, I have had several examples, several as late as yesterday from John Wise, the federal Minister of Agriculture, where the province of Saskatchewan and the province of Alberta particularly and the federal government have co-operated on agriculture and it has been extremely important. In the last few days, in Alberta and Saskatchewan, several hundreds of millions of dollars have been brought to bear to help agriculture because of drought and grasshoppers, and so forth. That just did not happen; it took a great deal of work; it took effort; it took consultation. You cannot fix problems like drought and grasshoppers, and so forth, but you can help. We have had tremendous co-operation in dealing with drought, dealing with insects, dealing with floods, changes in crop insurance, tax reductions, interest rate reductions, capital gains tax removal. In our own province, as the Premier of Alberta pointed out, we have initiated some programs along with the federal government that will provide 6 per cent money to farmers, every farmer, everybody that wants access to it, up to zero per cent money with respect to the livestock industry, and major changes in fuel costs because of co-operation in the energy business. We now have the royalty structure such that we can take royalty money from energy and divert it directly into agriculture. We have never been able to do that before, and that is because of a great deal of hard work and a great deal of effort.

Agriculture is one example where we have a long way to go, but we are making significant progress that was not there before. So, I believe the process deserves a bouquet. It is here on the agenda. A lot of people have talked about

agriculture, and it has not even been the topic yet. It is extremely significant.

Secondly, with respect to energy, which is very important for Western Canada. The Western Energy Accord, the Natural Gas Pricing Agreement I will not dwell on; others have talked about them.

We have a boom in the oil patch in Saskatchewan during a recession, an absolute boom. I would invite you to Estevan, Saskatchewan, but you cannot get a room in the hotel. We would have to billet you out. The place is cooking as a result of the Western Energy Accord and the co-operation. We have worked together, and it has taken a great deal of work and a lot of difficult meetings. We put together a package on one upgrader in Saskatchewan, and I am convinced we can do it on another upgrader in Saskatchewan because it is very powerful in terms of economic strength and jobs not only for Saskatchewan but for all of Canada.

The jobs that have been created as a result of that co-operation have been significant -- over 50,000 jobs in a province with one million people, new jobs. That is very important.

Investment in our province is up because of things that we have talked about and worked on together, for example, FIRA, which is very important for us. Inflation is down, and we will get into more of those topics when we discuss the economic conditions.

We are now into more trade expansion. Saskatchewan trades all over the world. I congratulate you for having the courage to take on the issue. I do not think I have ever heard Bill Bennett any better than he was today in describing the

advantages of trade. We all agree that we need to expand trade, but the question is, how. That is what we are here for -- the strategy that we can sit down together.

I want to point out that I congratulate and acknowledge the comments that Premier Peterson made with respect to trade in his three suggestions regarding a pooling of resources and information and data and reducing interprovincial trade barriers, and a meaningful process where we are all involved in this. That is very, very positive. His concerns and hesitations are sincere and real. The only way we are going to overcome those insecurities is to design a process here at this table among all of us where we can say: "I am comfortable with that and I am not going to frighten people. It is going to work".

Again, I go back to the process. You started a process, or we all did in Regina, which is allowing people to share their ideas. I can read about what somebody says you said or what somebody else said, but it is not the same as sitting down eyeball-to-eyeball and talking about it, and saying, "Now I know what you are talking about." That is what I learned in this process.

With respect to training, we have had some good sharing opportunities. Opportunities '85 has been very good, welfare reform or others. I could list several examples, but I will not expound on it. I will just say that, for a large number of areas in Saskatchewan, important areas such as jobs, agriculture, energy and so forth, it has worked. It is not over; it has just begun, but it is working.

We also have some problems and I will have to identify those. Again, going back to what Peter Lougheed said at this meeting and several meetings like this, we will always

have problems. The key is: How do we address them and how do we process them?

I will just mention a few, and some of them have been touched already this morning.

One, Saskatchewan finds that the political will in our province and the political will in Ottawa is often the same, but there is not the same will underneath in the bureaucracy. We both have large bureaucracies. We can talk to ministers and we can set out these agreements and say, "Here is where we are going to go," and, all of a sudden, it does not work. That can be frustrating because people will back away and say, "I am not sure who I should talk to any more and I do not want to just go back to the minister, because the minister and I agree this is what we are going to do."

I just share that with you. It is an irritant, it is a problem and it might be a source of some things that we have to consider.

This process is working so well that that is why you hear people say: "Do not do things unilaterally if you can at all avoid it." The more often we can discuss them and the more often we can talk about them and the less surprises, the more comfortable we are and the easier it is for us to sell to our constituents and the people of Saskatchewan or Alberta or Newfoundland or whatever. Unilateral changes with respect to funding scare people; they are frightened because they do not understand. Unilateral tax changes, unilateral changes in job strategies -- we work something out and, all of a sudden, there is a change. Some of it may be as a result of the bureaucracy, and some of it is just probably decisions that we are going to do it anyway.

For a province like Saskatchewan -- just let me make it very, very clear -- despite what the federal government might do in health and education, you will not find a priority any higher in Saskatchewan. We said that jobs, agriculture, health and education would be important in our last budget, and they are. That is where they are.

Our expenditures in economic development funds and in advanced education are going about 9 or 10 per cent increase, and that is well above the national average. That is going to stay, and our commitment is going to be there.

If we can look at ways where we can talk about these major large changes, then I believe it could be beneficial in the light and in the spirit of the things that we have been doing. You have started -- I will go back and say -- a fine exercise, and in many, many areas it is working.

I can only suggest: Keep it going. If it is working or if it ain't broke, don't fix it. This is a powerful process that you have initiated. And be consistent with the fact that we have started it and it is working. If you can hang in, in terms of policy decisions and the mechanism that we will use, if people understand the mechanism whether it is for trade or for established programs financing or whatever, it will be very powerful.

Let me just close by saying that we are prepared to co-operate and work. We will have differences, but we like to think that we would rather sit down and talk about them and visit around them and find solutions than the alternative.

Agriculture will be extremely important for us, and I will talk more about it. Obviously, jobs will be extremely important as they tie to the energy business and the

forestry business and the mining business, and so forth.

That links directly into trade. Again, we are for building more. We are not afraid to try. We know that there are sincere inhibitions but not from Saskatchewan - that cannot be overcome if we design the process that will work to make us comfortable.

We are going to be doing as much as we can to help you handle the national debt. Somebody was mentioning that, in total, it is about \$190 billion. I guess interest on that is \$22 billion a year. Imagine what I could do in agriculture and you could do in education if somebody had \$22 billion extra because we were not paying interest on what we have been borrowing to get here.

It is a powerful argument. We are sitting here, I guess, a little bit like Finance Ministers scrapping over bits and pieces here at \$2 billion. Twenty-two billion is at stake with respect to just the interest on the debt.

If anybody were feeling insecure about the heart and soul and the sovereignty of Canada, the biggest threat we have is that we owe our soul to somebody else. That is the biggest single threat that I can see any place, anywhere -- not that we would trade with somebody, but that we would owe them so much that they would call the shots.

Political independence only comes with economic independence. I would encourage you to stay the course through consultation and co-operation.

Mr. Prime Minister, we will be discussing more and I will be offering several suggestions with respect to agriculture and trade. I will not dwell on it. Keep up the good work. It's working.

THE CHAIRMAN: Thank you, Mr. Premier. One of the concerns, when you mentioned it, Grant, is that what do you think of a country where in 100 years you can accumulate a net debt of \$18 billion and in the next 15 you go from \$18 to \$190 billion and in the next five you go to \$400 billion and half of your national wealth is to pay the interest on the debt. Now, what do you think of that? I think that is a country that has a very serious problem that I think we all contributed to and we all have to examine and try and resolve in the national interest. Thank you, Mr. Premier.

Brian.

HON. BRIAN PECKFORD (Premier of Newfoundland and Labrador): Well, I guess everybody now, Mr. Prime Minister, are even hungrier.

I want to join with all the other Premiers in thanking John Buchanan for his arrangements and his hospitality and to welcome Mr. Johnson and Mr. Peterson and, I guess, particularly Mr. Getty because we are old friends, we were both in governments as Energy Ministers a number of years ago and I particularly want to welcome him to our group as a good friend of many years.

Some of things I am going to say have been said, perhaps I will say them a different way. Federal-provincial relations is our topic and we have all said it is an integral element of government in Canada. It is a basic fact of our Confederation, defined by our Constitution and confirmed by our history. Co-operation, consultation, trust and harmony in federal-provincial relations is good government for all parts of Canada.

This is reflected, as we know, in our preamble to

the Memorandum of Agreement calling for annual First Ministers' Conference which we signed in Regina. The first item of business which that Memorandum prescribes for each First Ministers' Conference is «A review of the state of federal-provincial relations».

In the fifties and sixties and seventies was a period of co-operative federalism, as we all know, which produced such major accomplishments as equalization, The Canada Assistance Plan, excellent federal-provincial fiscal arrangements and highly co-operative regional economic development initiatives.

This ended in 1980 and the country entered a period of confrontational federal-provincial relations which lasted until the election in September 1984. The four and one half year period preceding the September 1984 election, and I was part of it, was one of the most acrimonious -- says you, that is why it was acrimonious -- periods in the history of federal-provincial relations in Canada.

That period was characterized by a federal government which tried to centralize as much as possible its control over all areas of public policy in Canada. Nationally it produced a very bitter round of constitutional discussions. It found expression in the west in the National Energy Program. In Newfoundland it produced prolonged and fruitless negotiations and court battles over the offshore. During this period the federal government abandoned its regional economic development policies and began to dismantle the highly effective federal-provincial fiscal arrangements which had been put in place in the mid-seventies.

Intergovernmental affairs and federal-provincial relations are going through a period of change and expansion. I

have just given a short sketch of the history of federal-provincial relations to give a context or perspective to the accomplishments of the past year and to contrast these with the problems we encountered in the five previous years.

The Atlantic Accord, the Western Accord, the dismantling of the National Energy Policy, and the recently announced new energy policy have been especially significant federal-provincial achievements.

The initiatives of the federal government towards a new trade policy and a new trade relationship with the United States is another indication of the leadership of the new government and its approach to federal-provincial relations. Consultations between the Trade Minister Kelleher and his provincial counterparts represents a good beginning to ensure a proper role for provinces in the development and conduct of trade policy. However, I agree with most of the Premiers, if not all of them, who said a further definition of this role is still required.

In my own province, of course, the major achievement has been the Atlantic Accord. This was the dominant federal-provincial issue for the Newfoundland people and the government of Newfoundland and Labrador. The co-operative and positive attitude taken by the Prime Minister and Pat Carney and negotiations leading to the signing of the Accord is an excellent example of the way in which federal-provincial relations should be conducted. The Accord establishes the principle of joint management and maximization of economic benefits to the province from offshore development.

I do not need to emphasize how important these goals are for a province with our current levels of unemployment and economic activity. We look forward to the continued support of

the Prime Minister and his government to the attainment of these mutual objectives set out in the Accord of optimizing the industrial and employment benefits accruing to the province of Newfoundland and Labrador.

However, I would like to return for a minute to discuss the importance of federal-provincial relations to the government process in Canada.

The recent report of the «Royal Commission on the Economic Union and Development Prospects» and The MacDonald Commission proposed the institutionalization of First Ministers' Conferences. This recommendation, of course, was preceded by our own Memorandum of Understanding providing for Annual First Ministers' Conferences. However, the work of the MacDonald Commission on the issue deserves further examination, in my view. Its observations in respect of federal-provincial relations are, I think, as valid as its observations in respect of trade policy.

The MacDonald Commission observed that government in Canada is a result of the activities of both federal and provincial orders of government and of their interaction. The Commission recognized, as we all do, that both federal and provincial governments have legitimate and important functions. They noted that many intergovernmental relationships arising from shared responsibility require federal-provincial agreements and, therefore, they saw a need for flexible procedures to promote intergovernmental agreements.

Mr. Prime Minister, on this point I would like to elaborate upon the importance of the federal-provincial agreement as an instrument of government in Canada. For instance, in my province alone there are dozens of federal-provincial agreements. This underscores the essential role of the federal-provincial agreement as an instrument of government in this country.

The very nature of Canada in which both orders of government have constitutional autonomies in certain spheres, has led to the evolution of the federal-provincial agreement as one of the most important instruments of government in Canada and one which plays a key role in the smooth working of Confederation.

In fact, the MacDonald Commission felt so strongly on this point that it recommended, and I quote:

«Constitutional amendment be used to establish a procedure that would permit the Parliament of Canada and provincial legislatures to enter into inter-governmental agreements that would be binding on their successors.»

This is not new and, as we are all aware, we have already agreed on a similar procedure with respect to the Atlantic Accord or its constitutionalization. However, it does emphasize the respect we should all attach to the importance of the inter-governmental as an essential tool of government in Canada and that we should refrain from any action that would undermine the effectiveness and stability of such federal-provincial agreements.

To further emphasize the importance of the above statements, I feel I must make special reference to a recent case whereby the Government of Canada elected not to adhere to one of the clauses of the fisheries restructuring agreement which had been duly signed between the Government of Canada and the Government of Newfoundland and Labrador in 1983. The significant implications of this change in direction cannot be overstated in the eyes of the people of Newfoundland and of the government. These implications are even more pronounced because of the fact that the province does not have any degree of management control in respect to fishery resources. In contrast to the Atlantic Accord where the principle of shared management is recognized, we have not yet achieved the same degree of management control over our fisheries. Not only does the province not have any meaningful jurisdiction over the fish resource which is the primary industry of our province and I do not think any other province whose primary industry, whatever

it happens to be, is under, I think, the jurisdiction of the province and it is the cornerstone of our economy that Canada's own jurisdiction over this resource is threatened by flagrant foreign over-fishing on the Grand Banks of Newfoundland. The West Germans, this year, are something like 10- or 15,000 metric tonnes of cod.

Mr. Chairman, both governments must persist in finding a solution to this recent problem between the federal government and the Government of Newfoundland. Further, we must find this solution at the highest elected level by addressing the broad issues and policies.

We must ask ourselves the following question: What is an appropriate and responsible international or world position for Canada to take with respect to managing the fish resources within the boundaries of its continental shelf?

We hear the Premiers talking about agriculture, talking about energy, and we have a massive fish resource off our shores which is just as much Canada's within the 200-mile limit as is oil in Saskatchewan or wheat in Manitoba.

Fish and fish products are world-wide tradeable commodities and it is appropriate and acceptable--and I believe a must--for Canadians to harvest, process and sell their fish in these world markets, all their fish. In my view, it is not appropriate for foreign nations to expect to fish in our waters at the expense of Canadians, even if quotas are established and even if these quotas were strictly policed. We would not allow the Soviets to grow some of their wheat on our Prairies, nor the Japanese to harvest some of their timber requirements in British Columbia's forests. We believe that the same logic must apply when we ask: What is an appropriate and responsible position for

Canada to take with respect to the fish stocks adjacent to Newfoundland and other coastal provinces? Should they not be harvested, processed and sold by Canadians living in Newfoundland or in the other coastal provinces to the extent practical?

I would like to zero in on which fish resources I am talking about. For three or four years, the mainland press and some other people in Central Canada--and some still do--paint us as being greedy because of our desire to get a share of the oil resource. Well, that is resolved. Now we are being painted by some as being greedy over the bit of fish that we have off our shores.

What fish are we talking about?

Newfoundland's fishery consists primarily of ground fish--that is cod, redfish, turbot and flounder. This is in major contrast to the herring resources of the Bay of Fundy, the scallops of the Southeast Nova Scotia or the lobsters of Prince Edward Island.

We can further limit our attention by excluding from our discussion the Gulf of St. Lawrence resources which are already and properly shared among the Atlantic Provinces and Québec, even though, I suppose if you went back in history, they were harvested mainly by people out of Newfoundland, but we must share them. They are in the Gulf; they are equidistant between the various provinces.

Let us exclude as well the southern Grand Bank stocks which are also shared, to some extent, on the basis of so-called traditional fishing efforts.

We, therefore, focus primarily on the northern cod stock in the zones 2J 3KL which is immediately adjacent to Newfoundland's northeast coast, not Newfoundland's west coast,

not Newfoundland's south coast, but just Newfoundland's east and northeast coasts.

I pose to you: What other example can be found in Canada where a major, primary resource or a major portion of it is harvested directly by industries located elsewhere?

The suggestion is even more profound when economics alone would encourage local harvesting and made ridiculous when the adjacent area of need already has the under-utilized capital capacity, the under-utilized manpower capacity and is one of, if not the most, depressed areas in Canada.

Further, it has no other viable alternative to the fishery. How can we as Canadians in Newfoundland create jobs as part of our economic renewal that we all talking about based on our resources if these resources are being taken from us and brought to Europe and other parts of Canada who are further away from the resource than we are, have never historically fished it and who do not need it as badly, economically, as we do?

Now, you tell me how Newfoundland can contribute to economic renewal if that raw resource is being taken?

I ask Bill Bennett: How about if we allow some people from some other part of the world to come in, be the loggers, cut down your trees, take loggers' jobs away from British Columbia, bring them back to a country, process those logs and make sure, therefore, that whatever logs you have left and what other lumber you can produce, you cannot market in that country because they are going to beat you with your own trees?

That is what is happening in Newfoundland with our fishery resource. There is no other way around it, with a 21 percent unemployment rate and about 30 or 40 fish processing plants closed down to this day.

Mr. Chairman, unless the fishing industry of the northeast coast of Newfoundland is the clear beneficiary of the fish stock adjacent to its shore--the fish actually roll in on the rocks and the beaches in the summertime in a good inshore fishing season--we will have no hope of reducing the current pattern of seasonality or of achieving viable operations.

So, when we talk about our natural advantages, when we talk about our natural resources around this country, I want the people of Canada to know and the leaders of Canada to know that you cannot forget about not contributing equalization and EPF and everything else--Mr. Devine, Mr. Bennett, you can forget it --you will have to keep feeding us eternally unless we around this table and Canadians generally realize that, because we stick to a position, not on all the fishery resource, just that part on the northeast part of Newfoundland that is called the northern cod stock that swims inshore, that should be allocated to Canadians living in Newfoundland and Labrador. It has been historically caught by them and now, over time, we are seeing tens of thousands of that fish going outside our province and leaving us with an unemployment rate in some places of 40 and 50 percent.

I ask this table: Is that fair? Is that fair for Newfoundland to have its raw resource that was its *raison d'être* in 1497 used that way? Is that good for Canada if it is not good for Newfoundland?

I would also like now to turn to two other specific aspects of federal-provincial relations. One of the key areas of federal-provincial relations in my province, in Manitoba, in Nova Scotia and other places is regional economic development.

Governments in disadvantaged provinces simply do not have the fiscal capacity to mount meaningful regional economic development programs -- BAA-1 and following says Standard and Poor -- we don't have the fiscal wherewithall.

Now, unless we get that fish and create some economic development, we never will.

Therefore, by its very nature, regional economic development policy is a federal-provincial policy. As my colleagues will recall, this was discussed at last year's conference and will be the subject again at this conference.

I am pleased that, as a result of our discussions last year, our Ministers responsible for Regional Economic Development were able to release the Joint Position Paper and agreed to a number of principles. However, I would like to take this opportunity to register a note of apprehension, as has already been done.

Based on the reports which I am getting from my ministers, I am concerned that the discussions of Regional Economic Development Ministers have not focussed clearly enough on the problem of economic disparities and the need for action.

I am concerned that the discussion on regional economic development policy aimed at reducing disparities has become confused with general industrial policy, and on that, the 'have-not' provinces will always lose.

If you are going to ask Canada as a whole to let the private sector lead in recovery and you are going to apply the same standards to me as you are going to apply in Ontario, my fragile private sector will never catch up and our economy will never do it, and until we have a broader based way of dealing with this regional economic disparity problem and policy, then the recovery will be going at 80 miles an hour in Ontario and will be going back in Newfoundland and disparity will just get wider and wider over time.

Regional disparity, which was the original focus of our deliberations, has, to a large extent, become secondary to industrial policy considerations. We must acknowledge that regional disparity often means that the slow growing areas of Canada do not have a private industrial sector which can stimulate the growth necessary to reduce regional disparity.

As I have already noted, we will be dealing with this again during our discussions tomorrow. However, I want to register this point of concern here because it is an important issue in federal-provincial relations, as well as an issue of regional economic development policy.

Lastly, Mr. Chairman and Mr. Prime Minister, I have to register, as most of the other provinces have, our deep concern with the decision by the federal government to cut \$2 billion or to reduce by \$2 billion from the transfer to provinces under the Fiscal Arrangements Act by 1990-91. Whichever way the cuts come, they will be a significant adverse impact upon Newfoundland and Labrador, and at a time when we are talking about training and retraining -- and that means our post-secondary education institutions -- we are trying to do a full reorganization of our whole post-secondary sector in Newfoundland

right now, to buy one machine for our Marine Institute. We have got one machine there that costs \$1 million, \$2 million for different technologies which are necessary in the marine environment, either offshore oil and gas or for the fisheries.

It will mean \$130 million less than we thought we could expect over the four or five years. And there is, Mr. Chairman, there is a myth going about this country that somehow some of the provinces have not managed their finances very good. That now, because the federal governments are going to manage their finances a lot better, the provinces had better start managing their finances better too. Well, may I tell this gathering that I think we are the only jurisdiction in Canada, if not the world, that imposed upon everybody who got a dollar from the public purse, zero per cent increase in year one, zero per cent increase in year two for the teachers, nurses, hospital workers, clerks, secretaries, everybody is under zero, zero in a pretty, pretty disadvantaged province with the lowest incomes and all the rest of it.

We, Mr. Prime Minister, froze the budgets of all the hospitals in the St. John's region for three years at 84 levels: 1984 was frozen, 1985 and 1986. No increases whatsoever. Whatever your budget was in 1984, that is what you are going to get for the next three years. In all the parts of the province we froze the budget for one year as a result of a Royal Commission on it, on costs.

We have got a 12 per cent sales tax. How does Mr. Getty like that? A 12 per cent sales tax. I do not know if you have got any in Alberta. So to say that I can only speak for Newfoundland, I am one First Minister and I am a Canadian and I speak for 560,000 other Canadians. Ever since I have been

Premier of Newfoundland and Labrador we have been under restraint. So we know all about restraint.

All I would say on the business of the deficit, I agree with Premier Johnson, I thought he put it very well. I want to assist, too, even though I am poor and, hopefully, I have got a potential to be rich some day. I want to help. That is difficult, as Mr. Devine said and Mr. Bennett, it is tough if you have got \$22 billion going in interest stocks. You just cannot keep going that way. But it has got to be done, as Premier Hatfield said, together and we cannot do it by breaking agreements.

I am in a position where we have got two agreements broken: one on fish and one on dollars. But we have got to get around this table. We cannot allow what the Prime Minister has started and what we all agree to is a fantastic new approach to federal-provincial relations and all the good things we have done, the Atlantic Accord or Western Accord or in agriculture but we have got to do it together and we have got to make some hard choices. I agree, I have made a few hard choices in my day. The hardest choice I made was getting into politics, I guess.

I have made a few hard choices on dollars, on taking money from the poor and all the rest of it. I am willing to make more in the interest of Canada, in the interest of a stronger country and I am willing to take my chances if the mechanism is right on free trade or freer trade or fairer trade or whatever you want to call it. I will take my chances. We will be hurt too in Newfoundland but I think the benefits will outweigh the costs over time and if we are going to be leaders, we are not leaders for two or three years, we must have vision to build a country for the future. We must do it together so any damages

that have occurred over the last few months as a result of certain decisions must be repaired.

As everybody has said, Mr. Prime Minister, I mean, it is a fact. We have streamlined and I appreciate what Bill Bennett said about what he has done in his hospitals and he has. And he has been a strong leader on that and I congratulate him. We have done it, too. But if you have got a cat scan that costs \$1,600,000 -- I mean some health costs are going up the machinery part. I agree with the salaries as well. They were zero, zero in Newfoundland. But on the machinery side or equipment side of hospitals it is 15, 16 per cent increase some years and there is no way to stop that.

I mean, we live in a hybrid society, we are neither capitalists or socialists, we are Canadians and we have built up a social infrastructure that we are all very proud of. We have got to streamline it and manage it properly so there is no abuses in the system. Let us do it.

By the same token, and all political leaders know this to be true, when the Lord giveth, dare a person to take it away and most Canadians feel that way about medicare, feel that way about post-secondary education and we have to be very careful. I agree with Bill Bennett and the others who say let us look at the whole package. Where is the duplication? Where are the various other places that we can save to help get that deficit under control and then over time gradually reduced it, as MacDonald says in his report. We cannot do it in two years or four years or seven years.

It is time to go to dinner. Thank you very much.

THE CHAIRMAN: Thank you. It is cod for everybody. We are going to break for lunch. I wanted to point out the First

Ministers have a working lunch. We are a little behind schedule but, nevertheless, we will return here at three o'clock. That will give us time to get down there, have our working lunch, meet with the delegations briefly and come back.

So we will see everyone at three.

ANNUAL CONFERENCE
OF
FIRST MINISTERS

CONFERENCE ANNUELLE
DES
PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unedited)

Afternoon Session of
November 28, 1985

COMPTE RENDU TEXTUEL

(non révisé)

Séance de l'après-midi
du 28 novembre 1985

Halifax, Nova Scotia
November 28-29, 1985

Halifax (Nouvelle-Ecosse)
Les 28 et 29 novembre 1985

THE CHAIRMAN: Colleagues, may I ask, we will have to begin; I know that Premier Johnson had to leave, I think the other Premiers are here or will be here shortly.

Je me dois de vous informer que le Premier ministre Johnson doit retourner à Montréal cet après-midi et il fut convenu entre les Premiers ministres qu'il sera remplacé pour notre tour de table cet après-midi par le ministre des Finances, l'Honorable Bernard Landry, et, ceci exceptionnellement, monsieur Landry traitera, si je ne m'abuse, du dossier ou du point de vue du Québec, en ce qui concerne le commerce international dont il est d'ailleurs un expert reconnu.

Je pense qu'on est presque tous ici. I think Premier Peterson will be here momentarily, but perhaps I could ask Premier Buchanan to proceed.

HON. JOHN BUCHANAN: Mr. Prime Minister, just a few minutes. I want to present to you and to each of the Premiers a watercolour which has been painted by a native Nova Scotian Joseph Purcell. Mr. Purcell, throughout his life, was influenced by his surroundings and very early in his career developed an outstanding ability to depict seafaring scenes. The Montreal Museum of Fine Art and the Art Gallery of Nova Scotia were the first of several North American and European galleries to acquire his paintings for their permanent collections and his murals grace numerous public buildings and churches. A notable example, Mr. Prime Minister, is his rendition of «The Lunenburg Schooners» in Place Ville Marie in Montreal. Mr. Prime Minister, it gives me a great deal of pleasure to present this Joseph Purcell watercolour to you. It is the Halifax Citadel which is the logo of this conference and one will be presented to each of the Premiers.

THE CHAIRMAN: Thank you, sir.

Thank you, John, and on behalf of the First Ministers, I thank you for your tremendous hospitality. You are a typical Nova Scotian and we are very grateful to you. You are very kind.

Last night at dinner, we spent a number of hours, I think, in large measure on the trade issue and concerns and opinions in regard to process, how it can best be done and so on.

In this regard, we again met at lunch today and I think we agreed, colleagues, that we would ask our officials and/or Ministers to meet this afternoon and tonight in the hope of discussing further these questions and report to us later tonight or first thing tomorrow morning, in which case, if the results were appropriate, we could save a considerable amount of time for the conference by just proceeding from that important premise tomorrow morning.

So that is what will be ongoing this afternoon.

We will, as agreed, begin this afternoon on the economic and fiscal situation, reserving time tomorrow for the trade matter. We will hear everybody out on the economic and fiscal matters this afternoon and those who want to get trade in there as well, that is fine.

Bonjour, monsieur le vice-premier ministre, monsieur Bédard qui arrive du Québec.

It was also agreed that after the opening notes by myself -- observations by myself -- Mr. Landry would speak on the trade issue this afternoon on behalf of his Premier who must return this afternoon.

So, with your permission, avec votre permission, collègues, nous allons procéder selon cette formule. Je vais commencer, suivi de monsieur Landry et ensuite nos collègues.

After our review this morning--and I think a very worthwhile one on federal-provincial relations--the next logical step is a progress report on the economy. National reconciliation, as I indicated, its only raison d'être is in large measure because of what we can do together.

A year ago, we set out a comprehensive strategy to secure lasting economic growth and to create jobs for Canadians.

The guiding principles and parameters of this strategy were presented in the November 1984 agenda for economic renewal. That document established three objectives: encouraging private initiative; improving government effectiveness; and controlling the national debt. To meet these objectives, major initiatives were taken in last November's economic statement and in the May budget.

From the outset, the Government of Canada has been committed to a systematic process of consultation on economic policy-making. The First Ministers' Conference on the Economy in Regina was an important step in this process.

At the conference, a broad federal-provincial consensus emerged on the elements necessary for economic renewal. I think we all agreed that the overriding priority for all governments must be productive and lasting jobs for Canadians, that governments must focus their efforts on providing a positive and stable environment for growth in the private sector and on removing obstacles to change and innovation and that governments must make the Canadian economy more competitive in the international marketplace through higher investment, more skilled and adaptable workers and an aggressive international trade strategy and that all of this must build on the strengths and opportunities of our various regions.

That was the manner, I suppose, in summing up the observations that we made last year.

Today, our job in Halifax is to confirm the commitment to economic renewal, to review progress and to push forward with our joint strategy.

Beaucoup de progrès ont été accomplis au cours des douze derniers mois. Nous avons déjà pris des mesures en consultation étroite avec les provinces afin d'améliorer la performance

canadienne au chapitre des exportations. Le gouvernement du Canada a déjà pris les mesures pour encourager l'initiative privée. Nous avons déjà commencé à éliminer les obstacles à la croissance en rendant l'administration publique plus efficace.

Par exemple, nous avons institué les encouragements fiscaux qui devraient inciter le secteur privé, notamment les petites et moyennes entreprises, à prendre des risques et à investir. Nous avons mis en place un nouveau régime fiscal et réglementaire dans le secteur de l'énergie afin d'y stimuler la croissance, le développement et la création d'emplois et on sait que la création d'emplois ou l'investissement en Alberta a des effets bénéfiques au Québec et en Ontario dans le domaine de la création d'emplois. Nous avons entrepris la mise en oeuvre de la stratégie de planification de l'emploi au Canada. Elle permettra à l'entreprise privée de collaborer avec les autorités publiques pour venir en aide aux travailleurs dont l'emploi est menacé par l'innovation et le changement et nous avons presque terminé l'examen des programmes fédéraux entrepris par le groupe de travail que dirige le Vice-premier ministre.

Nous avons pris de nombreuses mesures pour rendre les programmes fédéraux plus simples, plus compréhensibles et plus accessibles au public et nous avons commencé à promouvoir la concurrence dans le secteur des transports par le truchement des propositions faites par le ministre des Transports dans son document «Aller sans entraves».

Grâce à toutes ces initiatives, le secteur privé est déjà plus en mesure de créer des emplois durables et productifs. Nous avons également entrepris de créer des conditions plus stables pour le secteur privé en réduisant le déficit fédéral et en freinant l'accumulation de la dette nationale.

We have put in place a plan that will meet the need for reduction of deficits in order to control the growth of the national debt over the medium term. We have delivered, Colleagues, we have delivered on our commitment to take actions to achieve a \$10- to \$15 billion in reduction of federal expenditures by 1991. We have done this by implementing a plan which we expect will reduce expenditures by approximately \$14 billion in 1991. An extensive program totalling \$4 billion of expenditure reductions this year and \$6 billion next year was put in place in November 1984 and May 1985. This program will result in a reduction of federal program expenditures from 18.4 percent of GNP last year to 17.6 this year and to 16.8 next year. Spending on all programs other than statutory transfers to provinces and persons will not increase over the current and next fiscal years. Spending on non-statutory programs, other than defence and ODA will decline from \$32 billion last year to \$30.4 billion next year. Indeed, and at the request of the provinces, pursuant to overwhelming views and our own political objectives as a nation, in the first five months of this fiscal year, we have reduced expenditures on all programs, other than statutory transfers to persons and provinces by over \$600 million, a cut of almost 5 percent from last year's level.

Although there are a number of pressures on our expenditure framework, we are managing expenditures over the rest of this year so that we can live within our projected program spending of \$79 billion this fiscal year.

Actions taken to date will greatly reduce the growth of expenditures relative to GNP. By fiscal year 1990-91, we expect spending on federal programs to account for just about the same share of GNP as it did at the end of the sixties.

To further contain the deficit, we have also asked those Canadian taxpayers who could best afford it to accept temporary surtaxes on their incomes.

Through these and other changes that have been announced and will be announced, the tax system will be fairer and will generate enough revenue to pay for all spending on federal programs, excluding debt charges, by the year 1990-91.

The results of this action are showing up not only in the fiscal numbers; more importantly, they are showing up in much improved economic performance. The recovery has become more balanced across all major sectors of the economy.

Let us consider a couple of highlights -- and there are many. About 330,000 more Canadians are working than when this new government came to office. Interest rates have fallen nearly three full percentage points over the last year. Economic growth is now expected to exceed 4 per cent in 1985, an improvement even on the budget forecast. Consumer spending, housing starts and investment have strengthened very significantly. Inflation has remained stable at about 4 per cent over the last year. Canada's competitive position has improved. Our unit labour costs have been increasing at one of the lowest rates among major industrialized countries. Corporate profits have strengthened. Canadians' incomes, after tax and inflation, will rise more in 1985 than in the three previous years combined.

As I mentioned, we have out-performed the United

States in 1985. This year, Canada has experienced higher output growth, more job creation, faster productivity growth, higher growth in real personal incomes and greater corporate profits than our neighbour to the south.

Simply put, I think, colleagues -- and I mentioned this morning -- that what has transpired is a tribute to all governments represented around this table. I take the liberty of mentioning that again today. Our collective strategy for economic renewal appears to be working.

Mais que nous réserve l'avenir? Les perspectives pour 1986 sont nettement meilleures maintenant qu'il y a un an. Grâce au redressement des investissements, on s'attend maintenant à une croissance économique d'à peu près 3 pour cent. Les taux d'intérêt devraient continuer de baisser de façon modérée. L'inflation devrait rester au niveau actuel. L'emploi va continuer de progresser vigoureusement.

Il se peut toutefois que le taux de chômage ne subisse pas de changement appréciable -- le taux de chômage. En effet, les créations d'emplois risquent d'être compensées par une hausse de la population active du fait que les Canadiens, reprenant l'espoir, reviendront sur le marché du travail.

En bref, grâce à de vigoureux investissements intérieurs, nous pouvons enregistrer une bonne année en 1986, même si l'économie américaine bat de l'aile, et l'année sera encore meilleure si l'économie américaine dynamique stimule nos exportations.

Pour les années 1987 et suivantes, les perspectives sont évidemment plus floues. Les taux d'intérêt sont un facteur clef pour le moyen terme. La capacité des gouvernements, ici comme à l'étranger, de financer leur déficit budgétaire va

demeurer une préoccupation des plus importantes.

Un autre facteur important sera la capacité de l'économie canadienne de s'adapter à des technologies en évolution rapide et à des marchés internationaux de plus en plus concurrentiels.

Etant donné ces éléments d'incertitude, il est d'autant plus important que nos gouvernements continuent d'agir de concert pour susciter un renouveau économique durable au Canada. La tâche est loin d'être achevée.

Nos problèmes actuels ont pris des années à se développer. Ça ne s'est pas passé du jour au lendemain. Ça a pris des années à se ramasser avec le bingo actuel. Donc, il faudra des années également pour les résoudre.

Beaucoup de progrès ont été accomplis depuis Regina, mais il reste bien plus à faire encore.

Les gouvernements -- et tous les gouvernements -- ont réalisé des progrès remarquables dans le domaine de l'énergie et en ce qui concerne la révision et le renouveau des ententes du développement économique régional.

Les gouvernements doivent maintenant se pencher ensemble sur d'autres secteurs et d'autres dossiers.

Later, in the course of our deliberations, we will review, as a number of Premiers have specifically mentioned, our affairs, the state of affairs in two key areas: agriculture and the fishery. These resource sectors are crucial to our national economy.

Over the next year, in the light of a rapidly changing global economy, more attention should be given to the health of our industrial and manufacturing base, in every province and in every region. In this connection, we must make the strengthening of the private sector in Atlantic Canada, especially small business, an important national goal.

A concerted approach to economic renewal should also aim to diversify the economies of our Western provinces.

Obstacles to economic growth, in whatever form, must be addressed by both orders of government. We have already taken dozens of initiatives to reduce barriers to trade and we will review them later today. And I think the Premiers later on, perhaps today or tomorrow, will have some observations to make about what we view as our obligations to each other and to the country in regard to barriers on the interprovincial side.

Finally, and most critically, I think we must reach a consensus on how to control the growth of the national debt. No issue is more important to creating a stable and predictable environment for growth and jobs than repairing the state of our national finances and I realize, Colleagues, that no issue is more unglamorous as well. It is pretty hard to attract the kind of concerted and needed attention to this kind of discussion but there is no area of our discussions that would be more important.

In the three years from 1981 to 1984, the federal

debt increased at a compound growth rate of 25 per cent per year - three times faster than the growth of our economy. At that rate, our national debt doubles every three years.

Our actions of November and May will result in a substantial slowing of the growth of debt to about 13 per cent this year, 14 per cent next year and about nine per cent by 1990.

Throughout this decade, however, the debt will still continue to grow substantially faster than the economy. Thus the ratio of the debt to GNP will continue to rise. Because of this growing debt, growing mountain of debt that is already built into our system, there is not a soul around this table who inflicted it upon the country. It is built now into the system and because of the mountain of debt federal debt service charges will continue to mount.

Ten years ago, 10 years ago today, the federal government spent a dollar on debt charges for every eight dollars it spent on programs. Last year we spent a dollar for every \$3.50 we spent on programs and by 1990, even with the measures of restraint that we have taken and we have talked about, we will be spending a dollar on debt charges for every \$2.50 we spend on programs. A buck for every two and a half and that gets to the point that was mentioned this morning by Premier Devine.

Simply put -- and there is no negativism or irascibility about the manner in which I set it forward -- unless we reduce the deficit and thereby reduce the growth of debt, the spiral of debt service charges will severely limit our ability to deliver vital and fundamental services. And these debt service costs will continue to expand throughout the rest of the decade.

By 1990, these debt charges will continue to amount to \$1,400 for every man, woman and child in the country compared to slightly more than \$1,000 this year, just this year, which is an increase in that brief period of time of about 40 per cent in terms of the burden of interest that we are ready to inflict upon ourselves and our kids.

These debt charges are really like a snowball rolling down a mountain. As it rolls, it gathers momentum in size and the longer it is allowed to roll the more difficult it becomes to stop. If debt charges are allowed to roll on unchecked, they will turn into an avalanche that will crush our very promising national program of economic renewal in its path and stop it dead in its tracks. I think that is the challenge that we have to consider today. A dollar borrowed today will add about 50 cents to debt charges over the remainder of this decade and will be adding about 50 cents per year before the end of the next decade.

So, Colleagues and friends, I do not think that the issue is whether we should take action to reduce the growth of debt and debt charges, the issue is how we can reduce expenditures and increase revenues to bring the growth of debt under control.

I think this has to be done, and I have no disagreement with any of my Colleagues, I know we come from different political philosophies and different regions, I have no quarrel with any of my Colleagues when they talk about the manner of this being done in a fair and a balanced way. They have also talked, not without good reason, speaking of Ottawa, almost in generic terms, of Ottawa tending its own shop first in this area.

By 1991 \$4 billion per year will have been cut in

terms of Ottawa from direct federal programs such as energy, transport, industrial grants, et cetera; \$4 billion per year will have been cut from overhead and personnel costs, a reduction of 15 per cent; \$4 billion per year of additional revenues will have been raised.

Our plan also involves, as you know, a slowing in the rate of growth of transfer payments to provinces. This will begin next year to achieve annual savings of \$2 billion by 1991. Not because we want to but because we must for the reasons that are starkly evident to everybody.

Even with the implementation of this proposal, transfers to provinces to support health and post-secondary education will continue to grow faster than inflation and faster than all other federal program expenditures combined. In fact -- and I think this may be a number that is of interest to the Premiers -- over the next five years the federal government expects to transfer over \$90 billion to the provinces under EPF, hospital beds and classrooms that Richard mentioned, over \$90 billion which is \$25 billion more than was provided over the last five years. So if anybody says we are giving less to hospital beds and to classrooms, that is not the case. In this period of national restraint I think this indicates an enormous growth in these vital areas.

Despite these actions to control the growth of debt, public debt charges, believe it or not, will continue to grow about twice as fast as program expenditures. These charges must be paid either by reducing services to Canadians or by taxing productive Canadian workers: farmers, fishermen, businessmen, plant workers. There is not a provincial worker and a federal worker. Il y a pas un journalier anglophone puis un journalier

francophone au Québec, il y a tout simplement un contribuable qui paie des impôts. On vise à le soulager pas à l'écraser davantage. Il est en train d'être écrasé à cause de ce fardeau de dette nationale. The longer action is delayed, the greater the bill will be and the less time we are going to have to make adjustments in a measured and constructive way.

Thus, Colleagues, I think it is essential that we persevere in our commitment to restraint in all components of federal expenditures, and to control the growth of government debt in order to ensure a firm base for sustained economic growth. And to achieve this essential goal, and I make no bones about it at all, the Government of Canada needs the support of all of the provinces. We need your help, not in a selfish interest, but because of a commitment to national purpose. I think that history will judge us irresponsible if we do not act now collectively to restore a measure of sanity for the nation's finances.

I think over the last 12 months our economic performance collectively has surpassed expectations. Today Canadians, I think, have every right to feel more confident about the country's economic prospects. Yet, to make economic renewal lasting and real, our governments together must implement the tough decisions taken in recent months.

By controlling the growth of the debt, we will build the confidence of investors, both domestic and international. We are going to set the stage for even greater reductions in interest rates and we will provide governments with some flexibility to maneuver should the international economy weaken.

Failure to act now will mean only more painful decisions in the future. I believe that Canadians are looking to

us to exercise our collective responsibility to pursue the strategy for economic renewal that we developed last year. They are looking to us to exercise that collective leadership necessary to face up to the economic realities now. And they are looking for us to act to create the positive and stable environment for growth and jobs which we all agreed in February must be the overriding priority for all governments.

I am confident that in our deliberations today and tomorrow and all through future days that we will maintain the unity of purpose that Canadians expect of us and that is required to achieve economic growth and jobs in all regions of this country.

Monsieur Landry.

M. BERNARD LANDRY (Ministre des Finances, Québec):
Merci, monsieur le Premier ministre, non seulement pour votre exposé mais pour la permission de flexibilité que vous donnez à la délégation du Québec en raison d'impératifs démocratiques que tout le monde connaît et qui sont nos circonstances actuelles.

Vous avez raison de dire -- et personne ne le conteste -- que la situation économique de la dernière période s'est très considérablement raffermie, d'une part, donne des espoirs de durée raisonnable et, par conséquent, aux consommateurs, aux producteurs, aux personnes qui sont sans emploi et ceux qui sont dans la détresse, un espoir tout court.

Dans la situation que vous avez dressée, le Québec ne se considère pas comme une île et, effectivement, au cours des deux dernières périodes de douze mois, pour un indicateur extrêmement crucial pour notre économie, la situation s'est avérée intéressante.

En effet, le Québec a créé 80,000 emplois nets deux ans de suite, ce qui recoupe partiellement la période que vous avez décrite et ce qui confirme, par ailleurs, largement ce que vous avez dit.

Donc, ce n'est pas sur ce point que vous trouverez quelque désaccord entre vous et nous, notre Premier ministre, d'ailleurs, ce matin l'ayant bien exprimé.

Ce n'est pas non plus fondamentalement sur la question du devoir que nous avons tous de nous attaquer au déficit de l'état et des états et de le faire d'une façon solidaire.

Cependant, vous savez que sur la manière employée, le gouvernement du Québec entreprend non seulement quelques interrogations mais, en plus, a fait par la voix du Premier ministre une proposition ce matin que nous espérons voir agréer et, en plus, le gouvernement du Québec entretient certaines inquiétudes que vous pourrez peut-être éclaircir sur l'aspect statistique des choses et les précautions qu'on doit prendre dans la solution de ce problème de déficit.

Nos hôtes ont eu la gentillesse de nous offrir une aquarelle remarquable aux vertus artistiques indiscutables . Moi je pense, monsieur le Premier ministre, je vais vous offrir un tableau d'une valeur artistique nulle mais d'une valeur statistique peut-être et informative considérable...

LE PRESIDENT: Mais d'une couleur remarquable.

M. BERNARD LANDRY: Il s'agit en effet de la mise en parallèle de la croissance des transferts du gouvernement du Canada aux autres juridictions et les autres dépenses du gouvernement du Canada et il me semble que ce ne sont pas les transferts qui devraient d'abord attirer votre convoitise parce qu'ils sont à peu près à l'étal en termes réels de 1977 à 1984.

Si, donc, une tragédie s'est produite quelque part, ce n'est pas dans la ligne du bas du tableau mais ailleurs. C'est la raison pour laquelle au cours d'une rencontre des ministres des Finances, j'ai fait, au nom du gouvernement du Québec, une série de suggestions pour identifier certaines dépenses faites par le gouvernement du Canada sur le territoire québécois et qui, à mon avis, sont d'une utilité douteuse et je tiens cette liste à la disposition de la conférence, mais, essentiellement, il s'agissait de dédoublement où votre gouvernement et le nôtre, avec l'argent des mêmes contribuables, vous l'avez justement souligné, tentaient de rendre les mêmes services aux mêmes contribuables qui ne pouvaient qu'être débordés par ces services attentifs de deux niveaux de juridiction pour exactement la même chose. La promotion de la santé, par exemple, qui est assurée par le réseau des CLSC au Québec pourrait très bien être laissée à ce réseau de CLSC et je crois qu'il y a 150 fonctionnaires fédéraux qui s'occupent de la même chose.

Il y a des équipes considérables aussi de fonc-

tionnaires du Canada et du Québec qui surveillent la qualité de l'eau, de l'air, des poissons, des viandes. J'espère au moins que ces diverses équipes de fonctionnaires fraternisent, mais, même si c'est le cas, je pense qu'on est en face d'un dédoublement qui serait peut-être une meilleure cible pour comprimer le déficit fédéral que d'aller sur la ligne du bas du tableau qui, encore une fois, n'est pas celle qui a connu l'explosion la plus dramatique.

Sur la question donc de ces transferts, ce sont mes remarques substantielles. Je veux, pour terminer avec ce sujet, poser quand même une question. Le Premier ministre du Canada nous dit que les paiements de transferts ne seront pas coupés, ils augmenteront même plus vite que l'inflation et plus vite que presque tous les autres secteurs de dépenses du gouvernement fédéral.

Peut-être parce que nos données divergent, les simulations que nous avons faites de la formule proposée démontrent que pour les exercices commençant en 1984 et 1985 et projetés jusqu'en 1988, 1989, le taux de croissance de ces transferts par rapport à l'année antérieure sera de, respectivement, 0,4 pour cent, 1,5, moins 1,4, 2,5, 2,1. Je ne pense pas que l'on puisse relier ces chiffres à l'inflation, même dans l'hypothèse la plus optimiste.

Nous vous faisons nos compliments pour votre lutte à l'inflation, elle est réussie. La victoire n'est pas totale mais vous n'y arriverez jamais à moins 1,4, ni même à 0,4.

Alors, nous anticipons une baisse nette en termes réels des transferts et je crois que nous devrions ajuster nos données ou, au moins, requérir des explications supplémentaires sur ce point.

Le deuxième grand volet que j'aborde avec votre permission, c'est la question du commerce et du commerce international et, spécifiquement, des relations bilatérales entre les espaces économiques canadiens et américains.

Je crois, monsieur le Premier ministre, qu'en compagnie du Président des Etats-Unis, dans notre Québec, vous avez ouvert une avenue extraordinaire de progrès économique pour toutes les couches de notre société, les producteurs comme les consommateurs, et le fait de vouloir rendre plus fluide l'économie continentale nord-américaine est sûrement une des bonnes manières de rendre un service énorme aux hommes et aux femmes qui habitent les deux côtés de la frontière.

D'abord, parce que dans la situation présente, les producteurs du Canada sont à peu près les seuls grands producteurs d'un pays industrialisé qui n'ont pas accès à un marché intérieur, libre, d'une taille de quelques centaines de millions de consommateurs ou plus. Même le Japon dans son marché intérieur a plus de cent millions de consommateurs, les Etats-Unis d'Amérique quelques centaines de millions et au-delà, l'Europe de l'ouest, 350 millions.

Je ne vois pas à terme comment, malgré leurs efforts, leurs astuces, leur productivité, nos producteurs pourraient faire face à la concurrence mondiale dans un contexte d'ouverture de plus en plus grand sur notre propre marché, dans le marché nord-américain mais surtout sur les marchés tiers.

Notre collègue de l'Ontario ce matin a parlé des efforts que nous devons faire pour aller prendre un segment suffisamment significatif du marché de l'Asie. Bien, mais comment des producteurs qui ont pour base un marché intérieur de 25 millions d'habitants vont-ils pouvoir aller concurrencer efficacement

de l'autre côté de la planète des producteurs de pays tiers qui travaillent déjà sur de très longues séries. Alors, c'est l'aspect production des choses.

Inutile de dire que nos consommateurs aussi sont pénalisés par le fait qu'ils sont desservis par un appareil de production intérieure qui n'a pas les séries suffisamment longues pour amortir convenablement sa recherche, son développement, baisser son coût unitaire, de telle sorte que si on s'obsède sur l'impact, sur l'appareil industriel, d'une libéralisation des échanges, je crois qu'il est de notre devoir aussi de prévenir nos consommateurs que c'est pour eux, peut-être d'abord et avant tout, qu'un tel effort de fluidité de l'économie est recherché par le gouvernement du Canada et le gouvernement des Etats-Unis.

Bien entendu, comme l'a dit le Premier ministre du Québec ce matin, un certain nombre de précautions sont requises, précautions qui ne doivent pas nous terroriser; ce ne sera pas la première fois que deux grandes économies négocient une fluidité plus grande et une plus grande libéralisation.

La plupart des mécanismes dont nous pouvons avoir besoin pour protéger tel ou tel secteur ou empêcher à coup trop brutal sont déjà en utilisation, ont déjà été inventés, raffinés et expérimentés, soit dans la communauté économique européenne, soit dans un de ses ancêtres beaucoup plus vieux encore, l'Association européenne de libre échange, ou soit tout simplement dans le GATT dont le Canada a signé l'accord général et tous les autres accords subséquents.

Par exemple, la clause de sauvegarde n'est pas d'une création nouvelle dans la gestion des grands ensembles économiques; des mesures transitoires sont employées régulièrement. Des activités de réorganisation, de redéploiement de l'économie ont déjà été menées ici-même au Canada pour notre industrie intérieure et ont été menées dans plusieurs autres pays qui ont dû s'ajuster à une ouverture plus grande des frontières.

Vous savez qu'en d'autres termes se méfier d'une attitude négative devant ce qui est partiellement l'inconnu -- une coopération et une libéralisation plus grandes avec les Etats-Unis -- mais seulement partiellement l'inconnu puisque plusieurs autres peuples, dont le nôtre, en participant au GATT a donné l'exemple de réalisation aussi compliqué sinon davantage.

Quant à la procédure, vous avez résolu, monsieur le Premier ministre, que la procédure sera plutôt abordée par le ministre du Commerce extérieur et le ministre des Affaires étrangères du Canada et leurs experts.

Nous souscrivons totalement à cette façon de voir les choses, mais un certain nombre de principes doivent être, je crois, évoqués à cette table même, ces principes étant que la négociation d'un accord bilatéral avec les Etats-Unis d'Amérique n'est pas l'occasion de modifier la Constitution et la loi fondamentale qui régit ce pays.

Je m'explique. Il y a dans l'acte constitutif de 1867 un certain nombre de domaines qui relèvent de la juridiction des divers gouvernements provinciaux et d'aucune manière le gouvernement du Canada ne peut engager ces juridictions sans l'accord de ces juridictions.

Je pense que personne n'a jamais contesté ces principes autour de cette table, mais le comité restreint devra tenir compte de cette donnée fondamentale d'abord et avant tout.

Deuxièmement, comme cette négociation est une négociation historique qui aura un impact considérable sur la vie de nos administrés, je crois qu'il est nécessaire du point de vue des provinces, d'une part, d'être présentes à la table des négociations sous l'autorité, bien entendu, d'un chef de

délégation. Il n'est pas question d'aller en ordre dispersé entreprendre une négociation de cet ordre. Il ne faut qu'une voix unique.

Le gouvernement du Québec et tout le monde, je crois, sont d'accord ici, mais il serait à souhaiter que cette voix unique ne soit pas uniquement la voix du gouvernement du Canada mais la voix du Canada, ce qui introduirait une attitude différente et une mentalité qui tiendrait compte véritablement de la diversité juridique et géographique de l'ensemble canadien d'autant plus que, si notre négociateur veut jouir de toute la crédibilité dont il aura besoin, il faut qu'il soit appuyé par un accord des provinces dans les domaines de leur juridiction.

Nous avons eu l'expérience du GATT où il est arrivé qu'à Genève l'ambassadeur du Canada mandataire pour les négociations a eu des problèmes de crédibilité parce qu'il s'est fait entretenir soit par les Japonais, soit par les Américains de domaine de protection non tarifaire relevant des provinces, et nos interlocuteurs étaient parfaitement conscients que l'ambassadeur ne pouvait pas parler au nom du gouvernement de l'Ontario ou au nom du gouvernement du Québec. Donc, au nom même de la crédibilité de la délégation non pas du gouvernement du Canada, encore une fois, mais du Canada, il faut que les provinces soient intimement associées au processus d'élaboration des mandats et présentes physiquement à ces tables où la négociation aura lieu.

Je voudrais terminer en insistant sur la nécessité de certaines attitudes et de certaines dispositions mentales si nous ne voulons pas que cette occasion historique que vous avez créée au Château Frontenac ne soit ratée et, si elle est ratée, elle ne reviendra peut-être pas de sitôt et, encore une fois,

c'est notre appareil industriel et nos consommateurs qui risqueraient d'être pénalisés et d'être lancés dans une longue période d'attente, menacés éventuellement à terme, si la prochaine négociation du GATT ouvre encore toutes les frontières du monde, de médiocrité et peut-être de stagnation.

Nous avons là une chance avant la prochaine ronde du GATT, qui sera multilatérale par définition, d'avoir une négociation bilatérale. Il faut donc l'aborder d'une façon très positive et une des choses à considérer c'est que des difficultés beaucoup plus grandes dans des négociations ont déjà été surmontées avec succès avec tous les mécanismes qu'il faut.

Si les pays de la communauté européenne ont pu négocier un accord beaucoup plus complexe, qui n'est pas un libre échange mais qui est un marché commun -- donc, une mécanique beaucoup plus sophistiquée -- si le GATT lui-même, qui regroupe un beaucoup plus grand nombre de pays encore que la communauté, a réussi à avoir des succès extraordinaires au cours du «Tokyo Round» et du «Kennedy Round», je ne vois pas pourquoi une négociation bilatérale entre deux pays amis de toute éternité pratiquement et qui ont déjà des économies très interpénétrées poserait des difficultés insurmontables.

Je rappelle pour mémoire une négociation qui a dû revêtir une complexité considérable -- l'autopacte -- il y a une vingtaine d'années et qui a été négociée avec succès et qui a fait la satisfaction des deux parties impliquées à un point tel qu'il y aurait beaucoup d'ennemis à toute réouverture de l'autopacte aujourd'hui.

Si, donc, les parties canadiennes et américaines ont pu réussir une chose aussi complexe que l'autopacte qui ressemble plus à un marché commun qu'à du libre échange, pourquoi

ne pourrait-elle pas, vingt ans plus tard, avoir plus de succès encore dans une chose qui n'est pas essentiellement plus complexe.

Enfin, il est sûr que plusieurs activités industrielles vont être touchées par le résultat de la négociation, affectées même, peut-on dire, sauf qu'il faut insister sur le fait qu'elles peuvent être affectées positivement aussi. L'autopace a affecté énormément de travailleurs et de travailleuses au Canada et aux Etats-Unis mais d'une manière extrêmement positive.

Il faut donc faire attention de dire 300,000 travailleurs vont être touchés. Bien oui, mais s'ils sont touchés dans le sens que ces 300,000 vont devenir 600,000 et qu'on va créer deux fois plus d'emplois dans le secteur en question, il faudra que la chose soit présentée de façon lucide à l'opinion publique en général et à l'opinion publique spécialisée.

Voilà, monsieur le Premier ministre, les remarques que je fais au nom du Premier ministre du Québec sur cette question du commerce.

LE PRESIDENT: Monsieur Landry, au nom de tous nos collègues, on vous remercie de votre tour d'horizon très impressionnant, au nom non seulement du Premier ministre mais également de vos collègues du gouvernement du Québec.

I think we do not have any set agenda in terms of speaking order this afternoon. If the Colleagues would just indicate to me when they would like to go -- I know that Premier Devine will be first on.

HON. GRANT DEVINE: Thank you, Prime Minister.

I have three or four comments with respect to the economy and monetary and fiscal policy.

It is good to see things improving, public confidence particularly. The inflation rate is down; the unemployment rate is down; interest rates are down; growth is up and investment is up. So, they are moving in the right direction.

The key is to do the kinds of things that will continue to build the confidence that will allow those things to happen. I want to touch on a few of those.

The first that I want to mention is the whole question of some effort on our part to look at reform. You have to have a little bit of courage when you are going into a trade arrangement; you have to have a little bit of courage when you are getting into any kind of relationship. It seems to me we may have to have the courage to take a really good look at all of our systems -- the fiscal system and the taxing system. It is, obviously, imperfect because men and women have designed it; therefore, by definition, it has room to be better.

In terms of fiscal reform, I want to suggest three things. I go back, again, to the Newfoundland conference in St. John's, and others where we have met, to say that it is

going to be very important for us to rank what is important for the country and for ourselves. If we can identify the kinds of things that we believe are important and then put our money there and our efforts there, it makes it much easier for all of us. It may take some work to negotiate those and to set them aside, but, if we finally know what they are, then we can deal with them.

As an example, I will tell you what Saskatchewan did, and we really worked hard at it. We said that agriculture, job creation, health and education were extremely important for us. If you go across our province and mention those four, you cover it.

What we did is that we made massive increases in those four when it came to priorities and financial support, and so forth. In other areas, we held it to zero. We have a consensus that we have to do it in agriculture and in job creation.

When we look at job creation, we look at the areas of strength. What are they? They are mining, energy, tourism, forestry, and so forth; so, we build on those.

The second thing I believe we have to do is review the tax system and, particularly with the Minister of Finance sitting with you -- I have mentioned this before -- take a really good, honest, hard look at the tax expenditures. I am not quite sure of the year that I used it with my colleagues at a Premiers' meeting, and perhaps we did when we talked, but, in the early eighties, the federal government had the capacity to pick up \$150 billion in income tax, but they gave away \$50 billion in tax expenditures, enough to balance the budget. Those tax expenditures, over time, were designed by men and women over the

years, and, for whatever the particular time was, it was probably appropriate. Let us assume it was appropriate at that time.

Right now, many of them are not. My argument is that, if we are giving away \$50 billion a year, at least we should make sure that that \$50 billion in tax expenditures are productive, productive in the sense that it will build on the things -- I will go back to my first point -- in the areas of priorities, whether it be agriculture, jobs, mining, health or education. If they are not, it is wasting money.

The Minister of Finance has in his capacity to more than balance the budget at any particular time, but he gives a great deal of it away. Some of it is, obviously, going to work, and some of it is questionable. At least, we should have a good look at it and say, "Is this expenditure of taxes really productive? Will this create jobs? Will this make us more competitive? Is it in one of the areas that is important to us?" I just raise that as an alternative to look at.

The third thing, Mr. Prime Minister -- and we are doing it in Saskatchewan and I certainly know that others are -- is increased public participation in the economy. I am particularly talking about crown corporations.

We have introduced and will proceed with legislation in our legislature that will allow people to publicly participate in a crown corporation in Saskatchewan. SaskOil shares are going to be sold to the Saskatchewan public and across Canada. We initiated it earlier with bonds, and I want to mention three things that are very popular with Saskatchewan people when it comes to helping our province financially, which I believe Canadians would look at. I would certainly offer this if you are looking at

something in this area with respect to Petro-Canada or other crown corporations.

We borrow money to build very large power projects, and other provinces do the same. Rather than go into the New York market, we said we will go to the folks in Saskatchewan. We will have a power bond, and it will pay so much interest.

Three things happen: One, we can get the money from the people of Saskatchewan cheaper than we can get it from the New York banker. That is popular. Two, the interest rates that we pay do not go to the New York banker; they go back to the Saskatchewan people. That is popular; it makes economic sense for us. The third thing is that families in Saskatchewan are participating in the building of the province and the building of the country rather than somebody in Switzerland and somebody from some place else.

If you want to finance a water project or if you want to finance an engineering project, a power project, or whatever it may be, people in our province love to participate in it. They would just as soon have the dividends coming back home as they would some place else. Nationally, I can certainly see the Minister of Finance, knowing that he is into the international money markets all the time. I would think, if it is done wisely and correctly and not frightening people, so that we all understand the process, there is a great deal of room to move with respect to public participation which would allow Canadians to have an involvement for several reasons and those that I have suggested, and I will not reiterate.

It does not scare people, and they are popular. We offered participation bonds in power and we sold 100 million like that, and we only have one million people. We did the SaskOil bond

and it sold in 36 hours. I would venture to say that the share issue which we offered, which are a combination of preferred and common, will be extremely popular as well.

It raises money for the Heritage Fund in the province of Saskatchewan, and people can participate. The interest rates stay at home. It builds and it is good for confidence.

Those three principles I would throw out, Mr. Prime Minister. We have to rank what is important; then we design our expenditures so that they fit with that ranking -- and I am not sure that has always been the case; and, three, let us get the public involved in it. I borrow in Japanese yen and Swiss francs and American dollars just the same as everybody else, but they are all alternatives. I throw those out.

I just want to shift gear with respect to something on interest rates. In our province, as I mentioned earlier, and you heard it in Regina, agriculture is extremely dependent on investment by people on an annual basis. We have an annual mega-project in Saskatchewan. Every spring, the farmer gets out \$1 billion dollars and he sticks it in the ground -- \$1 billion, year after year, after year, after year. Often, he has to go to the financial markets to get that money. I will tell you, if there was something that hit him right between the eyes, it was 20 per cent interest rates. He does not believe it was his fault, and I know it was not his fault. Family farms suffered like they have not suffered for 50 years in our province and across the prairies, in Manitoba and Alberta and other places.

If there is anything that they are looking for, it is some mechanism that would allow us to buffer or protect them against something that is going to run like that again. If they ever thought that interest rates were going back to 15 to 20 per cent, it would be economic chaos in the province of Saskatchewan.

I will tell you how important it is. We really put our Treasury up to protect them against high interest rates and we are one of the first. We initiated eight percent money so young farmers could buy the land from Mom and Dad, because it rolls over from family to family and that was very popular and we introduced a cash advance for the livestock business at zero percent interest, just like you have with the Canadian Wheat Board. Just the other day, we initiated a six percent money for everybody in the province involved in agriculture, up to \$25 an acre and the Minister is aware of it. That cost us some money but that is the kind of protection that farmers need in our province if they are going to invest, to buy the fertilizer, buy the fuel and to be so productive. They are productive and they need that kind of protection.

I use that illustration because agriculture is a driving force. The food industry--and I will talk more about it tomorrow--is one of the largest; food and agriculture together, from the input side to the production side, to the export side, is the largest industry that we have, whether it is in Ontario or Alberta or wherever.

Similarly, it is important to families across the province. We protected homes against high interest rates and we came in as the first in Canada on 13 and a quarter, no matter what your income. The first \$15,000 mortgage in Saskatchewan was protected for three years and now it is for five and we did the same for small business, 9 and five-eighths.

I just use those as concrete examples that it is real. It was so real that we won a massive election on saying: We will protect you against your interest rate hikes because they are not your fault. We have stuck with it and

we have had to even do more.

So, Mr. Prime Minister, you have most of the tools when it comes to monetary and fiscal policy and exchange rates, monetary policy in particular, and all I can do is reiterate what you heard in Regina and what I am sure that you would hear across the country. If people can believe that there will be low and stable interest rates, they will pull money out of the sock and they will buy bonds and they will buy shares. They will invest and build and buy fertilizer and construct and all kinds of things, but if they are ever frightened, it goes back in savings someplace, because you can do better in the bank than you might in any particular risk situation in terms of production.

I could not leave this conference without reminding you how important that is and I congratulate you for what you have done. Interest rates have come down. The relationship between the interest rates here and the United States has moved in the right direction and the best commodity news I had as a trader and somebody who has both traded in it and taught in it and worked in it is the United States saying they are prepared to devalue their dollar. Our dollar is hanging right in there and I believe it will stay there if we run it right and interest rates will not tend to creep up.

There is some temptation to let interest rates creep up relative to United States and all I would say, sir, is: Do not succumb to the temptation. It is not worth it. Whether the dollar, frankly, is 73 cents or 71 cents, if you want confidence and you got a role on confidence now, it is working for you, from the Saskatchewan farmer's point of view, the energy point of view, the mining point of view and so forth, it is

extremely important that you, in my view, hang in there with that.

With respect to economic development, I believe that what we are all doing to encourage the private sector and, particularly, small and medium-sized businesses is going to be extremely important. Eighty percent of the jobs in our province come from the private sector and if we can encourage them to invest, they move.

Changes that you have made with respect to taxation for the farmer and the small businessman: Again, I go back to the small gains tax. That is not for the big guy; it is for the little guy. A farm is looking at several hundred thousand dollars and you can now, over time, protect that family farm and small business is the same. These people want that confidence builder and that is very powerful, extremely powerful.

It is not powerful in a downturn, but as we are coming back up and farmers and small businessmen can look to that and say: I can protect that amount of it, it is very, very important.

Export development goes right hand in hand with it. I will talk more about trade again tomorrow. But we make our living on it. We trade potash and we trade oil and we trade hogs. We trade paper and we trade pulp and we trade and trade and trade. We are good at it, we are proud of it, and it is going to take us into the next century and it will improve our standard of living and we want to encourage you and everybody else to help us build with respect to that.

Finally, Mr. Prime Minister, one other word with respect to helping you--and we are all in this--balance your federal budget. Several people have raised the word «duplication».

I know that you are looking at it. But it is a little bit like interest rates: Do not let go of it, hang right in there and look at it very carefully.

I have a list before me of about 94,000 employees involved at the federal level that are overlapping at the provincial level in everything from agriculture, communications, consumer and corporate affairs, energy, mines, employment, environment, fisheries, industry, trade and commerce, national health and welfare, transport and so forth. Sixty-nine thousand of the 94,000 are outside of Ottawa.

Now, I think it is just a fair question if you are going to come back and say to the provinces: Well, I think you had better trim this and you had better trim that and we will obviously look at it, but they are going to ask: Do we really need two people doing the same job at the same time and taxpayers paying twice for the same service?

That duplication is large and that is hundreds of millions of dollars. That does not include the Crown corporations that you administer. Pick a couple. I will not name any but -- well, I might.

You are taking a very good look at the Post Office. There is a lot of money involved and there are other Crown corporations that, my gosh, before you do as Richard says, pick on teachers and --

MR. CHAIRMAN: Would you like to make a little investment, sir? We are thinking of selling shares.

HON. GRANT DEVINE: I would not turn that one over to public participation right yet, sir.

You know my point. Before you ask provinces and farmers and teachers and nurses and so forth to say I think you

have to carve up a little bit, they are saying to you: Please make sure that you have looked hard at what has been built over time. It is not your fault; it is not my fault. I am not even blaming people that built it when they did build it; maybe it was right at the time. But today, there are some very serious questions being asked, 100,000 employees that are duplicating what we do in the provinces and I am paying the tax and your fellow is paying the tax and we are both paying it, let alone Crown corporations that have huge bills.

One corporation that I mentioned recently in Saskatchewan has an annual deficit larger than the four Western provinces' annual deficit combined in Ottawa.

Now, you start picking on the locals. I am just saying, sir: Give it your best shot when it comes to looking at the duplication of services and the size and the efficiency and effectiveness of the Crown corporations.

In any event, Mr. Prime Minister, I believe, as I said this morning, that if we work together in terms of picking priorities and decide what is important, design and work on a process and allow a little bit more public participation in many of these things, that we will be successful when it comes to fiscal monetary policy as well as we are in terms of some other things.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Premier. If you reconsider in regard to the Post Office, let me know.

You are quite right in your observations, particularly in regard to interest rates. It is not an abstract notion; it is what the small businessman and the farmer and the fisherman are interested in and they are going the right way. It is an ongoing process that we have to consistently work at and it is the \$250

a month saving for the young family with the mortgage, the \$50,000 mortgage kind of thing, and it is the small businessman who is going to reinvest part of his profits and thereby, create the jobs that we so desperately need.

So, as I indicated earlier--it was not for any other reason--we need this kind of harmonization of interests to get at that interest rate problem among others and I thank you, sir, for your observations.

Mr. Pawley?

HON. HOWARD PAWLEY: Thank you very much, Mr. Prime Minister.

First, I wanted to commence my remarks by sharing the concern as expressed by Premier Devine in Saskatchewan in regard to monetary policy and I am pleased that the Minister of Finance is present. I think that one of the basic problems that we have been confronted with and is a problem that we cannot shy away from is to carefully examine the monetary policy of the Bank of Canada, where it leads us, where it leads the various parts of Canada.

I can recall when we met in 1982, the Economic Summit Conference in February of that year with the President of the Bank of Canada. There was an acknowledgement on the part of the President of the Bank of Canada that when the monetary policy that was then in place was proceeded with, that it did not take into consideration the fact that there are various parts of this country, smaller provinces, those provinces that are unable to generate the same kinds of capital as central Canada, Ontario for instance, or in British Columbia, and it is those areas of Canada that are devastated most enormously when we were faced with a 20 per cent, 18 per cent interest rate. We saw what has happened to the farmers of western Canada, we see what is required on the part of provinces which is what Premier Getty is doing in Alberta, Premier Devine in Saskatchewan, what we have been required to do by way of interest rate relief in the province of Manitoba.

So I feel very strongly, as I indicated in 1982, and I know others expressed the same concerns, that we have not got a proper grip in regard to monetary policy and if we are not going to change monetary policy then I think it is extremely important that we ensure, unlike what was indicated then by the President of the Bank of

Canada, that we have a fiscal policy that will help to deal nationally with the particular problems that are imposed in some parts of this country because of monetary policies that unfavourably impact upon some areas of the country.

Of course, I need not talk about the human tragedies. The human tragedies are there, Premier Devine made reference to them: the farmers, the small business people and there is a lot of uncertainty out there as to exactly where we are proceeding with regard to monetary policy, pleased that the present interest rate presently exists. I think the spread is still way too much in so far as the inflation rate and the interest rate, the real interest rate is too high. Again, just to emphasize that I am not satisfied that we are receiving careful consideration to monetary policy, long term direction with respect to monetary policy and ensuring that ties in with what we were talking about this morning, the effort to reduce regional economic disparities in Canada. That ought to be a prime focus again with the federal governments and the provincial governments and I am glad that the Minister of Finance is present so that he will make note of that and I am sure will do what he can in order to turn around some of that thinking that I think has prevailed for too long within the Bank of Canada and appropriate areas of government -- past administrations principally, before his advent in respect to office.

I want to just make some brief comments as well in regard to economic direction. In Manitoba, in the last several years, we have succeeded reasonably well in relationship to the rest of Canada by reducing our jobless rate, we have the lowest unemployment rate now in Canada of 7.2 per cent. We have the lowest youth unemployment rate in the country and we have also

managed to ensure that we have, by way of advice that I have, I believe, for the last two years -- in fact, for the past three years the best rate of investment growth, total investment growth in Canada.

I mention this because I think it is important to recognize this government, that when we talk about the programs that we discussed this morning, post-secondary education and health care, that we cannot segregate economic policy from social policy. It is obvious that economic growth is required for social development. But I think sometimes we forget that the reverse is also true. That in order to ensure that there is economic development and growth, it is important to ensure that those social programs are maintained and improved upon, that one is linked in closely to the other.

I want to emphasize that because I want to return to the area, of course, that caused concern on the part of many of us in our opening statements and that was the costs of health care. I share the concerns that are expressed by the Prime Minister this morning in regard to the deficit at the federal level but what we are dealing with is not a question of simply keeping up with the rate of inflation. We have health care costs that, according to the calculations which we have received from United States' studies, that there is going to be an increase per the gross national product in the United States at a rate of two per cent over gross national product growth in so far as health care costs are concerned.

That means the enormous additional burden of health costs. It is not just inflation, it is a volume increase. In the province of Manitoba, I believe third to Prince Edward Island and to Saskatchewan, we have the highest proportion of 65 plus

elderly people within our province and that additional obligation that we have to maintain and ensure that we have a sound health care system, medicare system, in our province.

I want the Prime Minister to know and others that when we talk about health and post-secondary education, it is not just to squabble as between governments. It is not just a question of who is going to pay the bill. It is a question of how we can ensure that the expenses of health care are paid in such a way that it is most equitably distributed by way of the burden of responsibility throughout the country.

I was not present, but at the time of the Constitution we enshrined in the Constitution, Mr. Peckford and others around this table, Premier Hatfield, that noble sentiment that public services must be provided from one end of this country to the other in a comparable way at comparable tax rates. Then we decrease the amount of contribution to health and post-secondary education, federal responsibility from 50 per cent, 1977 to 1982, then down to 43 cents of each dollar federally in 1982. And you, Mr. Prime Minister, rightly and properly criticized the previous administration for that reduction from 50 to 43 per cent. Now we are looking at proposals that would see that, according to our calculations and they have not been disputed, that it would see that contribution again reduced down to 35 per cent.

That means that smaller provinces will find it increasingly difficult to maintain that health care system, that medicare system that we fought and worked so hard to build up and to create as Canadians. I say this because I think it is too frequent to put this whole transfer down as just a jurisdictional battle. It is a people issue, an issue involving medicare,

I do not know any other way that it can be interpreted but a battle in so far as ensuring that we have decent and proper medicare services right across the country, regardless of the wealth of the particular region or province that we are representing.

I know that you share those sentiments, Mr. Prime Minister. I think it is extremely important, in order to ensure that there is a recognition of that constitutional commitment -- I know your sentiments from the past -- that we again recommit ourselves to that direction.

The other area I would like to speak briefly on, with the Minister of Finance present -- by the way, I would just like to mention, and I would like the Minister of Finance to check this -- it is my understanding that in so far as the May budget income tax changes are concerned, the federal financing forecast is a net \$4.1 billion increase for the federal government and a \$470 million increase for the provinces. Those are the calculations that we have. That, of course, is before the \$2 billion federal cut that we are discussing in so far as established programs funding and transfer payments.

After the cut, the federal government is \$6 billion ahead, and the provinces are \$1.5 billion behind. I do not think that is the way to reduce the deficit in this country. I think we have to co-operate and work together, but it cannot be done by way of increasing the revenue in so far as the senior level of government and an additional burden imposed upon the provinces. I do not believe that is true, surely, of what is intended are the May proposals.

When tax reform was first mentioned in February, there was very little discussion in Regina in respect to tax reform. I was very encouraged, Mr. Prime Minister, by the

discussion that took place at the Western Premiers' Conference and followed up at the Conference of Premiers in Newfoundland. There was general support for a comprehensive tax reform, not tinkering but, as Premier Devine has indicated, a recognition that there is \$35-\$50 billion that is presently escaping, and probably justifiably so with proper scrutiny of the taxation officials.

That means that there are those in our society who are not paying their fair share. There are those that are escaping a reasonable share in respect of taxation.

I think it is extremely important, on taxation, that, when there are concessions that are granted to wealthier and those who are able to pay, it be clearly tied into job creation. I am not satisfied that our tax concessions, as in the last May budget and those before, are geared into the generation and creation of more jobs. I think there is, in fact, a potential that that money is not being properly expended if we are intending to create jobs. It would be better to do that on a direct basis.

I think there is a great deal of leakage in respect to that. The bail-outs, the subsidies, the grants -- I think they all have to be carefully tested out as against job creation and as against economic development.

I do not think it is too late to ensure -- if we want to ensure that there is acceptance of the forthcoming budget, I think Canadians have to see it as a fair budget, not a budget that throws additional weight upon the lower-income and middle-income people, those that are barely getting by, and allowing others to lighten their tax burden. Otherwise, I think the reaction is going to be an adverse one; it is going to be a cynical reaction

to the whole taxation system. Our taxation system must be seen as being simple, but, at the same time, must be recognized by Canadians everywhere as being a fair taxation system.

Canadians now feel they are being mugged. I think they are being mugged, not down on the street, but are being mugged daily by the present taxation system. I hope, Mr. Prime Minister -- I suggested this in Regina last February -- that we could have a national tax conference. Let us get down to the nitty-gritty as to whether the taxation system is a fair taxation system. If it is felt that it is fair, then let us discuss it by way of involving the provinces and different groups that are interested in a national taxation conference, as was done in Australia a few years ago with, I think, a great deal of success.

The average Canadian out there does not believe that the taxation system is fair or is just. They believe there are too many that are freeloading upon our tax system. Others feel that they are paying a disproportionate burden towards the taxation system. Unless we are going to deal with that openly and on the table and commit ourselves to a fair taxation system, that is going to remain.

I would ask, in so far as economic policy, to recognize that there is a social economic linkage, that we must commit ourselves to that. The whole question of monetary policy, the Bank of Canada, regional economic disparities must be re-examined. I think there has been not enough sensitivity on the part of, particularly, the previous Liberal administration in that regard. The taxation system and the need for tax reform we just cannot let go any longer. I think the Minister of Finance may be on the verge of making an announcement which, I hope, will reassure us as to the direction he is proceeding in so far as a

minimum tax, but I do not believe we can stop at that point. I think it is only a start. I think comprehensive reform is urgently required and urgently needed and tied into job creation and economic development as well.

THE CHAIRMAN: Thank you, Mr. Premier. On that note, it was not so long ago that provincial Treasurers and provincial Ministers of Finance had to relieve their marginal tax rates because it was alleged, not without good reason, that you were crippling the most productive element of society -- that great productive middle class that was being burdened overwhelmingly by a tax load.

Everyone is looking for fairness. I think the Minister of Finance has taken and will take a number of measures.

HON. HOWARD PAWLEY: There are thousands paying no tax, Mr. Prime Minister.

THE CHAIRMAN: There are some, and we are going to deal with that. We have indicated that the Minister of Finance will be bringing in a measure designed to deal with the problem of a minimum tax. But the minimum tax is not going to produce enough revenue to get us out of our problems. It is a good and important matter and it attracts a lot of attention, but that is not where the money is. The money has to come through new growth, and that, I think, is what the provincial Treasurers and the Minister of Finance are wrestling with -- trying to create that climate within which that entrepreneurial or innovative spirit can be excited and moved to take that risk that will create the jobs, that will provide the investment, that will cause that cycle to move.

Governments have an important role. We realize that. One of the important areas of that role is the assurance

of fairness; equality of opportunity across the country, and we are working towards those objectives.

I thank you for your observations. There will be a meeting of Finance Ministers on the 12th of December. I know they will have lots to talk about.

One thing I hope they will mention is your suggestion in regard to the lowering of the federal contribution to health care so that we can agree upon these figures. We are contributing 50 per cent of the cost of those programs, as stipulated. If the ground moves out from under us, if the programs are different, we have to be talking apples and apples.

May I just suggest, as we adjourn for two minutes, that our Ministers of Finance discuss that on the 12th so that we will agree on exactly what we are talking about.

HON. HOWARD PAWLEY: Mr. Prime Minister, you admitted two years ago that you were not paying 50 per cent.

THE CHAIRMAN: Of the agreed-upon, stipulated programs. That is exactly the point I am trying to make. We want to be fair, too, but we want to be talking apples and apples as opposed to apples and oranges.

If the implication is that we are paying 35 per cent of X, I think we should agree on what X is. I think that would be fair.

I urge the Ministers of Finance and the Treasurers to do this at their meeting on the 12th, because there is some divergence of views.

With regard to the trade thing that we talked about, there will be a meeting right now -- momentarily, at 4:30 -- in the secondary meeting room, la salle de réunion secondaire, on the same floor of this conference hall, of the appropriate

ministers and/or officials as we agreed upon a little earlier, and Mr. Clark has agreed to chair the meeting, pursuant to our talk at noon.

If that is agreeable, could we just adjourn for no more than 10 minutes to give you the opportunity to talk with your officials and to come right back.

Thank you very much.

THE CHAIRMAN: We are going to have, obviously, another long day tomorrow. We will probably begin, depending on the results of the meeting of our officials which is ongoing now in regard to trade, I think, Colleagues and the media, we can expect that we will be beginning tomorrow morning with a discussion by the First Ministers on Trade. There will be a special section devoted to agriculture and the fishery and then, social development policy, status of women, une section importante sur la condition féminine au courant de la journée de demain.

Donc, ça va nous faire une journée très chargée si on espère terminer en fin de journée demain. Aujourd'hui il nous reste la conclusion de la dimension économique de nos pourparlers. Quelques Premiers ministres ont déjà participé et d'autres m'ont signalé leur intention de le faire, en commençant par le Premier ministre du Nouveau-Brunswick, monsieur Hatfield.

HON. RICHARD HATFIELD: Mr. Prime Minister, we are talking about the economy of Canada and we are talking about the problem the economy of Canada has. We are talking about battling the deficit.

You gave the nation a very impressive amount of information which I think is important in getting the support of the people of this nation, to come to terms personally with the problems that the deficit is, in fact, creating for the nation.

We have had to come to terms personally in New Brunswick--I am now speaking as Premier of New Brunswick. I have been to this table many times. I have spoken for the aboriginal people of Canada. I have spoken for the women of Canada. I have spoken for the English-speaking people in all parts of Canada, in places where they are jurisdictionally or constitutionally or

constituently, as far as the constituencies are concerned, a minority. I have spoken for francophones in Canada and in New Brunswick. Now I am speaking for all those people in New Brunswick.

Prime Minister, we, like you, are making budget decisions right now. We have been, we have been reducing our deficit and we have done it in a fair and equitable way and we have obviously done it in an acceptable way. We have a three-year plan. We have not been able to live up exactly to that three-year plan but one thing we have been able to do is we have been able to maintain our credit-rating with one of the agencies in New York, with one of them.

Prime Minister, you asked for support for dealing with the deficit. You have it. But you asked us to concede or consent to breaking an agreement that was made and you cannot have it, because I cannot give it. I do not have that power. I do not have that power.

Prime Minister, if you proceed on the course you are following by providing growth in established programs financing at the rate of inflation, the people of New Brunswick will lose \$11- to \$13 million in 1986/87 and \$17- to \$24 million in 1987/88.

The result, the actual figures, depends as to how it is calculated. I think that is where our problem is. I think the consequences of this problem is far more serious.

Our problem is we do not agree on the information that you are getting as the Government of Canada and that I am getting as the leader of the Government of New Brunswick. Prime Minister, you cannot proceed with the policy announcing the budget and get the support of the people of New Brunswick because there is not a common understanding.

I remember being at a conference of Premiers

when we agreed we had to do something about the cost of government and we all agreed, in spite of what many have said afterwards, we all agreed we had to have wage and price control.

I remember when the Prime Minister of Canada finally came around to that point of view. We did bring about a certain control of government expenditure because we all agreed.

Prime Minister, on this we do not agree and we cannot agree. I have choices if you proceed with the policy you have announced in the budget with regard to transfer payments. I can gouge the economy of New Brunswick, I can gouge the social programs of New Brunswick, I can make our efforts to create jobs and so on, our joint efforts to create jobs in New Brunswick, more difficult or I can abandon the program of trying to reduce our deficit and we can borrow more money because we have got the credit.

But, Prime Minister, that is not going to be a positive contribution to the economy of Canada and it is not going to be a constructive thing for the Government of New Brunswick to do. That is why I say we cannot proceed, especially because we do not agree on the information and the facts and the projections.

In fact, the difference is quite significant and, Prime Minister, one of the significant parts of the agreement that was reached in 1977, that in return for the federal government giving the provinces block funding in EPF, the burden of proof, the burden of accountability as to how that money was spent in the provinces. The burden of proof in this argument that we have, Prime Minister, is on the province and what I am saying is, as a minimum, give us time to prove that we are right in our figures and in our assessment and in our projections or take the time to prove that we are wrong.

Prime Minister, this is a very, very serious thing

because, as I said before, it is not a question of language rights, it is not a question of the rights of women, it is not a question of the rights of the aboriginal people; it is a question of health and education.

Prime Minister, you and the Parliament of Canada supported a policy that would discourage user fees in hospitals and I cannot fault the Parliament of Canada for doing that. I wish we could do away with user fees in New Brunswick. If we proceed with this, I am convinced that whoever is the Government of New Brunswick, whoever is, will have to increase user fees on people who go to hospitals in New Brunswick, because, Prime Minister, the people demand the service and they are going to get it when it comes to health. Because the students--because of our economy, yes, I recognize that--more of them are staying in university and more of them are going to university and, therefore, the costs in universities are going up and we have to pay those somehow. We have to pay them.

I think that there are provinces that have choices with regard to this but I want to make it very clear the province of New Brunswick does not have a choice. If we proceed with this policy as you announced in the Budget, the only choice we have in New Brunswick is to do something that is going to contribute to hurting economic development in Canada and in New Brunswick and it is going to do something to hurt the people that live in New Brunswick.

Mr. Prime Minister, I have fought for those things and I want to maintain them and sustain them and we are prepared, we are prepared to work together and co-operate. We are prepared to plan and we are prepared to share in the sacrifices that this country has to make but not in that area, not at this time. The time frame is wrong and the particular area is one that we cannot make cuts in. We have made cuts in other areas, we have made cuts in the expenditures for health services and for post-secondary education and for primary and secondary education in New Brunswick. In some cases we had to put money back and we have to make a decision in New Brunswick right now as to what we are going to do because our hospitals cannot -- the people responsible who are delivering services are turning to deficit financing because they cannot live on what they are getting from the province because the services are being demanded by people and those services cost money.

Prime Minister, we need time. We have to agree, otherwise I really, truly do believe, based on the experience that I have had, that the effort to try and control the deficit and reduce the deficit and the effort to try and get the provinces and the private sector and the people to understand and

co-operate will fail. I cannot support that.

I think if we do take the time and if we do recognize that an agreement is money that has been spent -- because I am sure you understand, I am sure I do not have to try harder. You understand what I mean when I say we are making budget decisions right now. We made them a few days ago, we are going to have to make some a few days from now and you have, too, I am sure of that.

So I say, Prime Minister, that we cannot deal with this particular matter. We cannot deal with the whole question of getting our deficit under control because, Prime Minister, I am so bothered and I am so concerned about this one particular matter that affects this one particular area of government responsibility.

THE CHAIRMAN: Thank you, Mr. Premier. Just two points and then I think Premier Lee and Premier Peterson.

Two points, Mr. Premier, worth, I think, mentioning. First, there is that meeting in regard to the disagreement on numbers that you raised. There is a meeting of Finance Ministers on the 12th of December, precisely to get into the numbers in a real way. Secondly, just for the record, I want to indicate that we are not, as you know, making cuts. You used the term «making cuts» in these areas. We are going to be, under our proposal, giving more to the provinces, including New Brunswick.

So, in terms of the words that you used, I just wanted to, not in any argumentative way, just put it on the record. It would be under the proposal of providing more funds and not less for these areas.

Premier Lee.

HON. JAMES LEE: First of all, I want to say we all

realize that the present federal government inherited a financial mess 14 months ago when you took office. Something that was building up for a good many years and was out of control. We understand that and we fully appreciate the problem that you have on your hands.

As was stated here earlier today, and we all know that progress has been made in many areas, the economy has improved. As you mentioned yourself, we all know the interest rates are down, the inflation rate is down, unemployment is improving. Therefore, we must continue along these lines of continued improvement and continued growth for the sake of our economy and the sake of Canada.

As far as the national scene is concerned, we feel that the picture of these transfer payments to the provinces is pretty much neutral right at the moment. The picture of my province is, I think, far different from the national scene. The transfer payments that we have been receiving in the province of Prince Edward Island have been in a steady decline if you look back, as far as real dollars is concerned, since the 1970s. So we have been going back as far as the real dollar value of the transfer payments are concerned.

Transfer to the government of Prince Edward Island, as an example, was 6.3 per cent less in 1984/85 than they were back in 1978/79. But still in the face of decline that we had to live with, I feel that the province had to and did take and make some severe changes and some drastic measures had to be implemented which we were prepared to do and we did do. I think that the impact of the decline and the measures that we have taken were great and were beneficial in the long run.

I want to say as well that the province of Prince

Edward Island has shown financial discipline in our affairs over the past few years and has paid off. Our deficit did not get out of control. We realized back about four years ago that if we let it rise it was going to get out of control. So these measures were put in place and I am happy to say I think our deficit picture today per capita in our province is the envy of maybe many provinces around this table if one was to look at it and other people have said that outside of the Province of Prince Edward Island when they compare province by province.

So I feel the economy has made a comeback to some extent. We are not there yet, we are not out of the woods. Our unemployment rate, again we are not happy with it but it is the best in eastern Canada. We are not happy with it but it is heading in the right direction.

What I wanted to say, Mr. Prime Minister, is we have done these things over the past five years. The private sector in Prince Edward Island, I think, is building a stronger future than ever has been recognized in recent history. But, as Premier Hatfield has said, we need time. We need time to lessen our dependency and to allow that private sector to grow and to develop and become greater than the potential that we see it holding out right now.

I am confident that, if we continue the pattern as we have over the past two or three years, we will reach that dependency within the next decade.

Time is very important to us. Our economy is small; our region is small. We have talked about regional disparities; we have talked about regional differences. I would hope that, in the context of dealing with this particular issue, the region, the smallness and the uniqueness of our area would be considered.

I had the opportunity, from 1979 to 1981, to serve as the Minister of Health in our province. During that period of time, in meeting with my colleagues in Atlantic Canada, as Ministers of Health, we identified jointly that our region, the Atlantic region, was about 20 per cent deficient in meeting the health care needs in Atlantic Canada. We were 20 per cent under the national average.

We brought this forward to the government of the day, trying to make the argument that people living in this region were Canadians, as well as any other region of Canada; therefore, they should have access to the same level of health care. It fell on deaf ears.

There are some of these differences that we have to be cognizant about. We have to keep in mind that our economy is small, but we need time. It is heading in the right direction.

I think we can make it. I think we will make it. As good Canadians, we want to share in that responsibility that was mentioned this morning by Pierre-Marc Johnson -- that the problem is part of us all. We have to share in solving that problem, and we will, sir, if we have time to continue to grow first.

THE CHAIRMAN: Thank you, Jim. David?

HON. DAVID PETERSON: Prime Minister, I do not want to be accused of rethrashing old straw, but, in my view, the issue of the EPF funding has not been resolved. I would like to see a resolution. You can see the passion with which my colleagues speak on this issue. I think, by and large, we are united, and I believe we want to do everything we can to persuade you to change your mind or, at least, defer it until the expiration of the current agreements, so that we will sit down rationally together and work it out.

You have persuaded, in a very eloquent and thoughtful way, of the severity of the deficit problem you face, and I think we all share that. But I remind you, sir, that we all face deficit problems also. If you are, and I know you are, looking at your responsibilities as the Chief Executive Officer of this entire country, then you have some responsibility for our deficits also. Just as your deficits are our deficits, our deficits are your deficits.

What you are doing -- I believe I am not wrong that every single province here, with the possible exception of Alberta, and they have some very creative accountants there, have a running deficit, are running net cash requirements annually -- what you are doing directly is transferring your problems to us. To persuade yourself, sir, that you are getting rid of the problem for Canadians, in my view, is absolutely wrong.

So, when you apply your very persuasive logic to getting rid of these deficits, I respectfully submit, sir, you are not doing that; you are just transferring the deficit. I just wish I had the eloquence to argue the other side of the question on behalf of the Premiers here.

This is not happening in isolation. I will just take you back in history for the province of Ontario. We tend to be in a little more privileged position than some of my colleagues; it is going to cost \$150 million next year, which is as important to us as the \$11 million that Richard Hatfield talks about. It is going to cost us \$2 billion over the next five years. That is "on top of", I remind you.

The revenue guarantee loss in 1982, the federal initiative, cost the province of Ontario \$410 million. The six-and-five cap on EPF, \$110 million. I assume these numbers translate for my colleagues on a relative scale. Capital gains tax reduction in 1985, \$125 million. In fairness, your PIT moves in your last budget in 1985 and removing the RHOSPs will add back in \$127 million in revenue; reduced indexing, \$21 million of revenue. Netted all in, we are losing, over the last three years, half a billion dollars.

Now, you are adding on another \$150 million for next year, and when that runs out, it will be \$750 million.

I do not want to be uncharitable, but this beating you are giving us is on top of many other beatings we have taken in the last two or three years.

I do not want to get into a semantics or numbers argument. I happen to agree with the numbers that Premier Pawley has put forward. My understand is that, in this fiscal year, the federal government will contribute \$15.3 billion to the support of health and post-secondary education. That is 43 per cent of the total spending on these programs. In my view, we do not have to defer it and discuss it; those are the numbers that we have worked up, and I am persuaded they are accurate.

In additon, you contribute -- I want to be fair --

\$5.2 billion for equalization, and Ontario is a big contributor to equalization. I can say with some pride that we are extremely happy to be so, because we believe in this country and we believe in trying to attack those regional disparities.

My colleagues have spoken with eloquence about the pressing need in these areas. It is not as if we are all sitting here with a lot of fat in the system. This is not the first time we have had to deal with it. We have all been winding it down as best we could over the past several years. I am here to persuade you, sir, that there is not much fat, if any, in the system. As a matter of fact, we are at the bone now, and these cuts would make it even more severe.

When you lay this against the demographic pressures in the province of Ontario in the next five years, we will have 18 per cent more people over the age of 65. It is a common demographic phenomenon, but we all know that the average 65-year-old consumes, on average, eight times the medical care of an 18-year-old. That is something we have to face. We know the inflation index in health care and post-secondary education is above the national CPI. We know the increasing utilization; we know of the demands for technology and the legitimate expectations of all people. The people in Come-By-Chance or Placentia Bay and the people in Ear Falls, Ontario, are just as entitled to a heart valve operation as someone in St. John's or Toronto. That is part of the Canadian dream and the Canadian ideal as well,

Those expectations are across this great country. We communicate in a way today we never have before and we have an obligation to make sure that those services are available to all.

I say to you, sir, in my own particular province, that a cut at the end of this expiry date will be 90,000 in-patients and 1 million out-patients per year represented by that \$750 million cut or, if you will, five of our biggest universities, 75,000 full-time students in post-secondary institutions. I could make a case again that there is nothing more important to the future and survival of this country than educated, motivated, entrepreneurial, creative, well trained people to solve the many problems that we have discussed about at this table.

So I do not want to hound you, I do not want to harp, but I want to persuade you that you are just transferring it to the other pocket. You believe what you are saying but you are not solving the problem you have articulated because you have just transferred it, you have not removed the problem.

Then, you will say: Well, we are exercising restraint. You are, and I do not want to get into a second-guess of the federal budget, but I can look at your tax expenditures, the things that you have done and I can show you \$20 billion over the next five years that, if my advice was asked on personally, I would not necessarily go on.

The capital gains tax exemption is going to cost \$3 billion over the next five years. That is a public policy choice you have made. You have explained to us--and I think we all understand it personally and intimately--the difficulty of making some of these hard choices. We are all in the business of making hard choices daily. What we are saying is you have made the wrong hard choice.

So, I would hope, in further discussions today, informally tonight and tomorrow, we can get some kind of resolution on this problem. I think you feel, sir, the passion that my colleagues and I share on this issue. I have a number of people with me, representing the Council of Universities in Ontario, the Hospital Association, and I can tell you, if you want to hear the realities in the province of Ontario, I would be very happy for them to talk to you.

I hope we can work this out. My suggestion is to defer this a year. I think every single Premier at this table will sit down in good faith and help to work out a long-term agreement over the next five years that we can live with. That is the substance of the issue, but there is another issue here that is just as important, and I think you heard it today, and that is unilaterally cutting back. You do not call it a cut. Well, you could call it a breach of faith. You could call it breaking a promise. You could call it many other things.

Richard Hatfield, who is budgeting next week and we all are now in the allocation process, has to have some answers to those questions pretty soon. He was counting on that. We are counting on that. We are now in the business in the province of Ontario of forecasting longer so we can be more consistent and fair with our transfer agencies so they can do long-term planning. This puts a kibosh on those kind of plans. I think we have to have that solidity. We have to have that farsightedness, and I can assure you, sir, we are prepared to work in good faith with you.

But I think that it would go a long way to restore your stated goal of bringing harmony and civility to federal-provincial relations, establishing a relationship of trust and

understanding among this group to say: All right. We can defer that for a year and then we will get into the issue.

I leave that with you for your consideration. I do not think this is going to go away. I hope this is not just one of those things that you are just saying: Well, I will listen to them one more time and we will leave here. Because I just want to assure you of the absolute seriousness from our point of view.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier. I take the comments in good faith. It is not a breach of faith; it is not a broken promise. It is a responsible attempt to deal with a major Canadian problem, not of your making, sir, and not of mine, but one that must be dealt with in the national interest.

For example, if Canada--and I say, a country--could throw off over the last four years previous to 1984/85 an average of 85,000 jobs a year, that was not satisfactory. I think we would all agree, by any standards.

If, as a result of a program of renewal in which we have all participated, in the last year we have been able to, as a country, create in excess of 300,000 jobs, 155,000 of which were in the province of Ontario, that clearly is a new dynamic element of growth which takes people off welfare, which puts people to work, which causes that machine to work. That is what we are trying to do.

I know that it is not your problem and it is not mine. It is a national problem and we are both trying to deal with it together. I am not trying to transfer, nor is the Minister of Finance, anything from --

HON. DAVID PETERSON: That is exactly what has

happened. You have not solved the national problem. You have only transferred the national problem to us.

THE CHAIRMAN: Well, I agree, Mr. Premier. That is a point of view. It is not a universally-held one. It is pretty hard to say that we are cutting back, that the Government of Canada is cutting back to classrooms or to hospitals when we are going to increase EPF over the next five years, as is the proposition, by \$25 billion. That is a colossal sum of money and I would think it takes an unbecoming degree of temerity to suggest that we are any less committed to hospital beds or to schoolrooms by contributing and enhancing our contribution that much. I think that it takes an unbecoming degree of temerity to suggest that I or anyone else is less committed to these noble principles than anyone else. I think, Mr. Premier--and with your permission, we can come back, but we have to move to others--let us just keep it in perspective. What we are trying to do is a national objective. What we are trying to do together is to build wealth so that we can get out of this mess that we have both--and all of us--have been put in and that is what we are trying to do. I think we are doing it quite well. The results of the last 14 months have been really quite satisfactory and we must take steps that will encourage that growth and not stifle it. That is basically what we are trying to do.

HON. DAVID PETERSON: We are prepared to participate in that program but I say respectfully, it requires an unbecoming amount of temerity to unilaterally break an agreement that we were all counting on and that is the bottom line.

THE CHAIRMAN: There can be a great deal of -- I mean: there is an agreement on equalization. But you are talking about an agreement on -- as if there were one. There is a custom, as the Premier of New Brunswick quite properly -- but there is no unilateral breaking of a formal agreement. There is no such thing as a formal agreement in this area, and we have not broken any formal agreement. And you know that, sir, as well as I do.

In fact, what we are doing is: we are in difficult circumstances, doing infinitely more. We are not cutting back. We are doing infinitely more than anybody could reasonably expect in these circumstances, with the kind of deficit that we inherited, and we have not unilaterally terminated or abrogated a program.

It is true; I have no quarrel about this, David, at all. I am not trying to hide the fact that from the previous formula, as elaborated in different circumstances, the amount of increase will be less; I am not trying to suggest the contrary.

I am suggesting that with the difficult burdens on our back we are contributing an enormous amount -- and a growing amount -- to classrooms and to hospital beds, in excess of the rate of inflation, in excess of the growth figures that we have mentioned this morning, and it represents a colossal amount of money for a country that is in dire economic straits.

All I am saying is that I need your help, not because I am trying to be a hero, because we are trying to make it right for everybody; not because I am trying to blame you or pass the burden to you, but because it is a national burden

that we have to share together, and by increasing \$25 billion over \$60 over a period of five years, that to me is, I think, a fair way -- not an unfair way -- to pass on responsibility or blame. I think it is a national sharing that we are trying to do. That is all the federal government is trying to do.

HON. RICHARD HATFIELD: Mr. Prime Minister, I would like to make a point. You said the problem we are faced with today is not the Premier of Ontario's problem, it is not the Prime Minister of Canada's problem.

I want to make the point that there is an exception at this table. I cannot say that. When I look behind me to blame a government, it is the government that I led. I have to go back almost a generation before I find a government that I can blame.

THE CHAIRMAN: All right; I did not want to say it, but now that you have admitted to it ---

HON. RICHARD HATFIELD: I will take some of the credit though.

THE CHAIRMAN: Mr. Peckford, Brian.

HON. BRIAN PECKFORD: Let me just deal with the economics side of it first and try to very briefly depict or describe the -- I guess it is the microscopic or the microcosm of the problem as I see it.

You talk about creating 335,000 jobs the economy did, everybody did, over the last, say, 14 or 15 months, or whatever the period is, and that is correct.

To just accentuate the problem we are faced with economically, in Newfoundland terms, as one province of Canada, the jobs that were created in the last year or so have all been wiped out by the number of people that have entered the labour

force. We are hardly any better off today than we were 14 months ago, and we are a dimension of Canada, constitutionally and every other way, as I understand it.

Here is the problem that parts of Canada are faced with, like Nova Scotia, Prince Edward Island, New Brunswick, ourselves, and to some extent, Québec and Manitoba.

Prime Minister, you know about the mining industry in Labrador and the rationalization that had to go on there in order for us to save our necks against the Brazilians and others who are producing iron ore to go to the steel industry.

We lost, in the modernization of the mining industry, thousands of jobs -- okay -- and we are going to lose more as the rationalization continues and as high tech improves those plants.

Let me just give you the problem in Newfoundland; that is one of our primary industries.

So, I do not think anybody here, any economist in Canada worth their salt would say that we are going to be able to increase substantially or even marginally -- I might concede marginally -- more jobs in the mining industry. The last ten years show that we have lost jobs to save the few that are left, to save the mines.

In the forest industry -- I do not know if it is true of any other; it has not been true in all the other provinces -- the modernization of the mills: we have laid off thousands of people in our three paper mills over the last decade. Modernization! The loggers of my constituency, my buddies -- we have got a line-up in the union of people who

cannot find jobs because they brought in the timberjacks and the mechanical harvesters, and so on, and now we have less jobs in the primary industry called forestry.

Okay, so you look at Newfoundland as being one dimension of Canada. Where in the future -- we are at 21 per cent unemployment and the participation of the entrants into the labour force is as great as we can build the jobs.

If there were 6,000 new jobs created last year, there is almost that many who entered the labour force, and so we are still standing still. We are no better off, and very often we have got to feed some money through federal-provincial agreements into those industries -- forestry agreements and mining agreements -- to do the mapping, to do the surveying, and all the rest of it, more coming out of the public trough, increasing the deficit.

Now, where over the next 10 or 15 years -- is there going to be a Premier around this table representing Newfoundland and Labrador 10 or 15 years from now boring everybody to death with our poverty?

It is a good question. Somebody once said in Newfoundland back about 10 or 15 years ago, before I got involved in politics -- and I was right and ready to shoot him -- that we have got to migrate, we have got to move all of Newfoundland up to Toronto.

Of course, the answer to that is: half of them are up there already and the rest are in Fort MacMurray.

Let me just make a plea on three points on economics as it relates to one dimension of Canada, and I am not helping at all, Prime Minister; I am just making the whole

thing worse -- leave it all to me. But I have got to put it on the table because it does matter, because there are 560,000 people.

It is only in three areas, and I want the Premiers, because they are going to be involved in this and it is going to happen in the next year and a half -- some of it will happen in the next six months -- and I want your understanding. There are only three ways, and I will not bore you on the fish any more, just say:

One is fish; if we can get more volumes as we phase out agreements with the foreigners so that, then, that can create more jobs. It can in the processing sector and in the harvesting sector. It is job-related, even though there is mechanization and new machines coming into the plants. You can create more jobs there; that is one.

In high tech research and development as it relates to marine technology, we have now a lot of infrastructures, thanks to the Government of Canada and ourselves, that built up a fairly large infrastructure.

We just opened the other day, the only ice tank arctic vessel research in Canada. It is the largest ice tank in the world for doing tests on boats, boats for the fishing industry for the North.

We have got the best facility in the world and a lot of good high-paying jobs can come out of it in the spin-off high tech industries that have already spun-off from what we done at Memorial University.

In the next six months or so we are going to be, hopefully with Miss Carney, Minister of Energy, and the Mobile group of companies, signing an agreement to give a green light on another resource which does not happen to be on the land mass of Newfoundland and Labrador. It happens to be on the continental shelf. Whenever the glaciers went back, unfortunately they melted too much water around Newfoundland and left some of our land mass under salt water. I condemn those glaciers, those inanimate objects for doing this to us.

We are going to have to put together an industrial benefit package to build gravity based structures to extract the oil for Canada and we are going to have no choice, ladies and gentlemen, none whatsoever but to insist. The companies have already been persuaded and have announced that the platform itself will be built in Newfoundland, they are going to go to gravity base rather than the floating system like they have in the Gulf of Mexico. The gravity base is far more expensive but it is much safer. Like they do in the North Sea. Then what goes on top of that platform? It is a \$4 or \$5 billion development, 110,000 barrels a day. Twenty-one per cent unemployment, 12 per cent sales tax. Everything that is low and bad, that is what we are; everything that is high and bad, we are that, too.

We are going to have to say to the people of Canada, you have got to understand that we have got to build some of that infrastructure to have Canadians who live in Newfoundland be trained to get jobs, to build that platform and to build what

goes on top of that platform if we are going to get out of our economic straight-jacket.

In Québec and Ontario and Nova Scotia -- and there is going to be, in the same way as it is, and Premier Lougheed used to say, Premier Getty will say, when you do an energy development in Alberta, even though it is in Alberta and a lot of Albertans are getting direct jobs out of it, there is a lot of other spin-offs into Ontario and Québec and there is so big a project that there is going to be work going in Alberta and in Québec and in Ontario especially, those three provinces especially, and in Nova Scotia undoubtedly. But the editor of the Globe & Mail and the boys in Macleans Magazine and everywhere else who keep telling us how great we are and how bad we are and how bad Canadians -- Canadians are going to have to understand that I am as good and Newfoundlanders are as good Canadians as everybody else. I want Bill Bennett and Grant Devine and David Peterson to be able to keep some of that equalization money and use it for some other purpose or for the federal government to use it for some other purpose. That is what Canada is all about.

So over the next six or eight months, as we move towards a very promising, the largest oil field in Canada's history -- I will start bragging -- we are going to insist that we get the first crack at some of those jobs to build some of the stuff that goes on top of that platform. If we do not, if we do not in the same way that Norway did it, then you are going to have to put up with somebody like me for a long time around this table complaining about how bad off we are.

HON. DAVID PETERSON: We will send you the Globe & Mail.

HON. BRIAN PECKFORD: Good. It is already down

there everyday.

HON. DAVID PETERSON: Their editorial board.

HON. BRIAN PECKFORD: A darn good idea! A darn good idea! I will take him for a spin in my boat and jig a cod - a northern cod, that is. A southern cod -- no, that is shared; a western cod, that is shared; everything is shared all around except that little blob up on the northeast coast.

That is where it is, in those three areas, R and D fish and a chance, an accelerated chance to get some of that spin-off for our construction industry and for all the young people that we are pushing into all of our institutions -- get educated, get into high tech, that is where the jobs are. Then we might have a chance to do what Premier Lee says in P.E.I., that in 10 or 15 years we are going to get close to being half. We will really be able to contribute to Canada in a direct way and this business of contributing to Canada is only a myth anyway. It is too bad Rene is not here today because if we were getting the value on our hydro that would replace equalization payments, that alone. And add to that the value of the fish that goes out every year to the Europeans for export dollars and all the rest of it.

If you took, Mr. Prime Minister, and you heard me say this before, the number of people in Newfoundland and divide it into the value of our resources, objectively determined, Kuwait would be embarrassed. That is a fact.

Number two point. We spent 10 years finishing the ninth floor on the hospital in Carbonear. We opened the hospital and could not finish all the floors. I would ask Mr. Wilson and the Prime Minister to consider one of these three. Either delay the implementation, as the Premier of Ontario says, and let us get

our facts together and let us together, then, work with a five year agreement where we all have the share; or, implement what you are trying to do using a formula on our ability to pay. If you took the criteria of fiscal capacity Newfoundland's fiscal capacity is half the national average, yet a national formula is being used to tell me that I am going to pay proportionally just as much as Alberta. We have 12 per cent sales tax, Alberta has zero.

I was at the constitutional meetings and we were delighted, Buchanan, myself and others and Mr. Hatfield, when we got put into the Constitution: «Government and the Parliament of Canada are committed to the principle of making equalization payments to ensure that provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation». Lawyers of Canada do not look at the Charter of Rights for all those court cases you are going to make. Look at the provision on equalization because it is being broken today and we are in an unconstitutional position because no objective judge will ever say that we are into a reasonably comparable level of taxation across this country if you look at 12 per cent sales tax versus zero and if you look at the level of public service; so the constitution is being broken.

So here is a little tidbit for the lawyers of Canada. It is not the Charter of Rights that you should be looking at to go to the Courts; it is the equalization provision in the Constitution.

Richard Hatfield is right. It is a difficult piece of business but we will have to limit students going to our universities and everybody will not have a free chance to go to university. That is how tight it is in Newfoundland.

There are line-ups now to our colleges of trades and technology for courses and they cannot get in. They cannot go to school, some of them with Honours grade 12.

The deficit has to be approached, no question, and we have got to sit down and somehow agree on numbers and work towards a long-term plan of gradual relinquishment of it. So I just say to everybody in the room: one, when you look at the economics of Canada, that includes Newfoundland, and in Newfoundland's case, we are still in the recession, we are still trying to crawl our way out because we have not improved our position on unemployment and employment. We will never do it; the hundreds of thousands of jobs will go to other places in Canada who are more mature unless Canada is willing--and the Prime Minister was in the Atlantic Accord--and now it has to be delivered. Now it has to be delivered. Everybody across Canada, if we are really serious about this country having equal services and reasonably comparable levels of taxation, you have got to give us a chance on fish and you have to give us a chance on the offshore. If you do, the friendliest people in the world await you for a good tourism trip.

Thank you very much.

THE CHAIRMAN: We must terminate in about 16 minutes and I know that Premier Bennett and, of course, Premier Getty and Premier Buchanan, if you could accommodate that, gentlemen, we will again save Kuwait the embarrassment that awaits it.

Bill?

HON. WILLIAM R. BENNETT: Thank you, Prime Minister.

I guess the Canadian people wanted to know the extent of the problem. They only have to listen to the extent of solving it that each Premier has identified, Premier Hatfield, Premier Peckford, Premier Pawley, and that is, this country, as much as we talk about our growth rate--and that growth rate in the economy is happening--and an increase in employment and increases in sales that are promising and in my province, about 8 percent of retail sales which is having an economic benefit, and all our economic indicators are up, is not sufficient to allow governments, all governments, to resolve their deficit, whether provincial or federal, without having to take some tough action.

It has been too easy for too long to try to promise Canadians an awful lot without much taxation pain, but, today, quite frankly, Prime Minister, your deficit is to such an extent, and our deficit, that it becomes everyone's deficit. We calculated this morning that the interest rates, just paying the interest, is going to be beyond the capability of this country and it is going to do more to threaten the social programs everybody talks about saving right now.

I want to tell you as a province that was hit hard, that made our tough decisions early and took a lot of demonstrations and some tough comparisons with many of your governments when

people would use whatever convenient statistic on public spending and say: You are not spending as much on this as Manitoba and as much on this as Ontario. What is the matter with British Columbia? You are being mean and you are not spending as much on this as one of the Atlantic Provinces and they are supposed to be poor.

I want to tell you, Prime Minister, the very arguments I hear here today have to be answered. We have to do something. By doing that in British Columbia and starting in 1982 early and late 1981, this year we were able to, not only have contained the deficit and have it dropping slightly, we put in major tax cuts to our people, to business, to industry, to make it competitive, to create jobs and to attract them and I get a little worried when I hear people saying, because I know what is causing the problem, when I say that your percentages, the federal percentage of EPF will continue to drop.

Well, I know why it is dropping. It is dropping if there is no accountability for the cost of delivery for the services because I can show you in British Columbia that, by tackling the problem of delivery of costs on health and education, as much as it was painful, without any change in the formula, your share went up from 42 to 48 percent and those that do not tackle the cost of delivery are going to show a declining level of federal percentage because they have not made those difficult decisions.

I hate to have to say that. I would like to argue on the other side but, quite frankly, that is exactly what it is. We who are in charge of the cost of delivery of these services have to be part of the solution. I am willing to do that but,

Prime Minister, along with all the others, I want to have a broader picture of how the federal government will deal in other areas in cutting their deficit before I shoulder that responsibility as well because we had to do it across the board on a number of fronts and I can take the pain along with you in solving the national deficit as long as I know you are making the same tough decisions as we did.

I will do that. I think we all could do that but there has to be more than just the two areas of delivery of social programs because there is a whole lot more cost to government. David Peterson has said he could identify areas of expenditure.

Well, one of the easy things is always pointing out to any other government where they can save money and I could do that, too. It was really tough when we had to do it with our own. But it has paid off. Right now, our economy is growing, our tax cuts and our deficit is under control and we are willing to be a part of the federal control.

I get a little concerned, though, when I hear people talk about tax reform, because the tax reform the Canadian people need is less taxes and in a province in which our people pay the second-lowest income tax, quite frankly, that suggests to me that, rather than a few people not paying enough tax, that around this country maybe a couple of million people are paying too much tax. I could say that in all of the taxation areas.

We must leave our people with more purchasing power. We must allow our businesses to get economic stability. You cannot tax them into a weakened state. The recession showed us that economically, our businesses in Canada were less able to withstand the pressures of the recession because of weakened

balance sheets, no build-up in equity, and we have done nothing to redress it.

I see the Finance Minister there, Mr. Wilson. Last February, we suggested a number of measures to strengthen equity participation in this country. You are not the first person to have chosen not to accept the advice of British Columbia, but I do believe that the national equity plan would have been far more beneficial to this country than the capital gains provision.

British Columbia said at that time if you did not go with the national plan, we will go alone. We will be introducing measures this week for our provincial business on equities in order that small business in our province, medium-size business, can strengthen their balance sheets and provide greater security for jobs. These are the types of programs we need.

So I support you on restraint, but I still think we have not pointed in the right priority areas for strengthening equities, giving job security and developing additional trade which I spoke about this morning as the answer to the Canadian economy.

I will just sum up by saying, Prime Minister, I am prepared to play a role in your restraint if you will give us a broader picture, or your Finance Minister, more areas in which we can be a part of making the decisions on that sharing and ensuring to our people that we are not singling out one single area of delivery of services particularly as sensitive as health and education for restraint while others go untouched.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier, and I can give you that undertaking. It is worthless unless it is fair and across the board; if it is not, it should not and shall not take place. I can give you that undertaking. We will examine it as we ought to.

Can we move to Premier Getty and ask Premier Buchanan to wind up, if that is all right.

Don?

HON. DON R. GETTY: Thank you, Mr. Prime Minister. I know we need to finish, so I will just make a few comments and I would like to ask a couple of questions and perhaps get a reply to them this afternoon or privately, or tomorrow.

I need to jump around a bit. It is difficult not to, because the subject has jumped around so much. The discussion has gone that way.

You need our support and help. You have expressed that, and I think, if you look around the table, you have received a consensus from this group that they are prepared to give it. That is an accomplishment. It did not start out that way. I congratulate you on that progress.

Alberta is certainly committed to helping you and helping all of Canada work to fight this huge deficit. Your Finance Minister and you have made the case that we need to co-operate to do it. With respect, sir, you have not made the case, and I do not think you want to make the case for changing the established arrangement that we have all counted on.

Perhaps what we should do is blame it on your Finance Minister, someone for whom I have a great deal of respect and admiration, and let him take the can for it; then we can go on about starting in 1987 the way we said. In the year

from now until then, we will, I think, come up with a solution. I have heard that it is such an impossible thing to deal with. I do not think so. I think we can, in fact, do it.

I have been away for a while, but I can remember that there were impossible problems before. There were impossible problems with energy pricing; impossible problems with equalization; impossible problems with the Constitution. Yet, we worked at them and, some said, muddled around with them, but you do end up nudging the country in the right direction from meetings like this.

I think we can do it. I do think that, to get the mutual trust that is necessary to create the co-operation, we should stick to the arrangements we have agreed to in the past.

I have two more, and I have not yet asked my question. I understand the problem of the Chairman, and I sympathize with it.

I just want to say one thing about holding down the growth of health costs. They are so important and so tough to do, but, now and then, we come up with ways that we can do it. One we have used in Alberta is to put in user costs. What happens, when we do, is that we are penalized by federal legislation. There is a tool, though, that we can use that does help.

My first question is: Is there any new thinking or relief in that regard so that, when we work in that way, we are not penalized? That is the first question.

My second question will come from taxation. I would like to express some views on taxation.

I want to support Premier Bennett. You have talked about a recovery; I have talked about recovery; we all feel there is one under way, but it is fragile and it is really

coming from new confidence in the private sector. I think that is the only way we are going to get real jobs.

I think the quickest way to slow down that recovery and the job creation that our private sector is developing would be to remove the incentives to invest. There is no question to me that businesses have to have the financial strength to make the investments and expand. When they do, those expansions and investments have payrolls; those payrolls are jobs.

I would not like your Finance Minister to be defensive at all about the incentives that he is building into his budgets. Rather, I congratulate him and would ask him to do more.

Now, my second question. You had a May budget and this helps us in our planning. You are coming with another one in February, and this is almost December. You have not got it all into legislation. Can you tell us, with our need to plan: Are you dropping out any of the proposals that were incentives which you, so far, have not implemented?

Those are my comments in a quick, quick way, Mr. Prime Minister.

THE CHAIRMAN: Thank you, Mr. Premier. John?

THE CHAIRMAN: Thank you. John.

HON. JOHN BUCHANAN: Thank you, Mr. Prime Minister. Mr. Prime Minister, the host Premier, in concluding today's very friendly discussions in the atmosphere of this newest trade centre in the world and in Nova Scotia, that, of course, is well known for its friendliness and the atmosphere which generates co-operation and conciliation -- we have seen a lot of it here today -- Mr. Prime Minister, I want to discuss, in conclusion today, two matters:

First, fiscal arrangements, and secondly, something that is on the minds of all Premiers and yourself, sir, jobs.

First of all, let me say that we, in Nova Scotia, with a deficit problem which, unfortunately, is not decreasing, understand -- we understand -- your problem of the horrendous federal deficit that you have inherited. We also understand the absolute need that you reduce that deficit and we want to help. We want to do what we can to assist the Government of Canada in reducing that deficit because, in the long run, it will help us to reduce our deficit because reducing your deficit will mean an escalation in economic renewal in this country, and that is, I think, the goal we all are looking for.

We believe there are many ways that we can help -- co-operatively help as Premiers -- to assist the Government of Canada in reducing the deficit.

There are other means and methods of reducing the deficit, other than EPF program reductions.

The question, I think, you posed earlier this afternoon is not that it must be done. We all know that economic renewal depends on deficit reduction. But the question

is: How is it to be done?

We want to co-operate with you, we want to help and we must. There is no question that, working together as 11 governments, we will be able to achieve much more than confronting one another or not working together to do it.

Mr. Prime Minister, I listened to Premier Peckford. Premier Peckford and I always agree, except when it comes to a few matters of jurisdiction as to fishing, but I listened to him intently and there is no question that the concern that he expressed for the coming year's budget is the concern that we have in Nova Scotia also.

I mentioned to you yesterday and again, stated this morning, that our concern is, at the present time, our 1986/1987 budget. That budget process is now well underway. It is well advanced. We have a very good idea of what the hospitals of Nova Scotia will need for 1986/1987. We have a good idea as to what our total Medicare system requirements will be.

One thing we do not know at the present time, we do not know what the level of federal funding will be, and I am certainly encouraged, as I said yesterday, that the process of determining that level will soon get underway and that those negotiations, I hope, will be very helpful in ensuring that there is no reduction in the health delivery services of Nova Scotia.

Also, Mr. Prime Minister, as we have stated, we are quite willing, we want to, in fact we insist, on being a germane part of all negotiations on any new agreement on hospital Medicare services and university funding which will commence in 1987 and I can assure you that Nova Scotia will negotiate in good faith.

Mr. Prime Minister, my concern, our collective

concern, I know, is people. It always has been and it always will be. We must be very sensitive to the needs of people, to the present and future needs of people, not necessarily the wants of people, but the needs. Those needs, primarily social programs, health, Medicare, education are now historically enshrined, there is no doubt about that. People expect to receive those services.

So, as we have indicated so many times in the past, there can be no reduction in hospital beds and no cuts in other services provided the people through our federal-provincial cost-shared Medicare services, no reduction in university funding.

We have a rather unique problem in Nova Scotia that I am going to air right now.

We have approximately 26,000 students in the universities of Nova Scotia. I think I am correct in saying, Mr. Minister, of human resource development and training and former Minister of Education, that we have more universities in Nova Scotia per capita than any province in Canada.

THE CHAIRMAN: And very good ones, Mr. Premier. Very good ones.

HON. JOHN M. BUCHANAN: Particularly St. Francis Xavier University, sir.

THE CHAIRMAN: And very particular about whom they graduate.

HON. JOHN M. BUCHANAN: Yes.

But we have an interesting and a unique situation.

First of all, the increases in enrollments in the universities of Nova Scotia, 1984/85: approximate 20 to 25 percent. That is good news. That is good news for Nova Scotia, that young Nova Scotians are enrolling in greater numbers in our universities. But it must be funded. That is the reality of the situation.

In the same way, Mr. Prime Minister, hospital costs have escalated and you are well aware of that.

But, Mr. Prime Minister, in Nova Scotia, as far as our universities are concerned, there has been a net inflow of Canadian students into Nova Scotia universities, in fact, approximately 3000.

Now, there is a fundamental problem here for Nova Scotia and for the Government of Nova Scotia in funding our universities, because other provinces are receiving approximately \$15 million of transfer payments which we should be receiving. We are educating those students and they are getting the transfer payments.

I am certainly not suggesting that we put any barriers up, because we are very pleased that students from other provinces, primarily Ontario, like to come to Nova Scotia and attend our universities. It indicates the excellence of our university system. But it also is quite clear to our Minister of Finance that, in effect, we have been shortchanged about \$15 million by educating those students from other provinces, and that is a net inflow, by the way. That is not the number of students coming in; that is the net.

We have a unique problem that I think your Minister of Finance should take a look at for us.

Mr. Prime Minister, getting back to hospitals and Medicare, we believe strongly in Nova Scotia in the need to maintain health delivery systems. As I said this morning, there cannot be any erosion or cutback in those services, including necessary volume increases. I know, Mr. Prime Minister, that you agree with that statement that there cannot be an erosion in the level of services.

As I said this morning, we were encouraged by your recommitment to vital health care and education systems.

Mr. Prime Minister, as discussed with members of the federal government, yourself, as I said this morning, in our 1986-87 budget there must be sufficient cash federal funding to maintain the present federal-provincial ratio which will ensure that there is no reduction in health and education services to Nova Scotians. Otherwise, we have to continue to provide the service and pay for it through our provincial budget, which, of course, just increases our deficit.

As far as Nova Scotia is concerned, there cannot be any reduction in those services. You have indicated that that

is your belief, and we certainly accept your word on that -- that there should not be a reduction.

Mr. Prime Minister, the Premier of Newfoundland threw out a possible solution -- we are willing to look at it; I do not know how it will work -- for 1986-87 that we take a look at the ability to pay based on our fiscal capacity as provinces. I think Premier Peckford indicated that theirs was 59 per cent; ours is 72 per cent. So, it might be something that we can look at for 1986-87, and, then, take a look at a new arrangement for the five-year period after that.

I want to re-emphasize again and again that we are talking about the needs of people and we are talking about services to people, and there cannot be a reduction in the level of those services to the people of Nova Scotia.

Mr. Prime Minister, just one last word on economic renewal. We believe in economic renewal in Nova Scotia. We believe economic renewal is important in creating long-term jobs. That is our goal -- to create long-term jobs in our resource industries, primarily in Nova Scotia.

We are looking forward to some new, exciting, innovative, federal-provincial, cost-shared, regional development programs. I like to look back at the original regional development programs that were really regional in nature -- the Atlantic Development Board which commenced back in the 1950s but was scrapped in the 1960s. It was a specific regional development program for Atlantic Canada and recognized the strengths of this area and worked on those strengths and strengthened the economy of the Atlantic provinces.

Our resource industries are where the jobs are. Our resource industries are where trade is. Our Trade Development

Authority, we believe, will be the vehicle to help us to create new jobs, but we need your help. We need a new agreement with the Government of Canada or a cost-shared agreement with the Government of Canada to investigate new means and methods of increasing trade for Nova Scotia under this Trade Development Authority. Our Minister of Development will be canvassing those ideas with your ministers as quickly as possible.

So, we want to develop the resources of Nova Scotia to create new jobs. We know very well that, in order to do that, to create those new jobs, we must adapt to new technology, and we are doing that. We are doing that through our new department that we have just created. We are doing that through the extension to our technical university, through the extension work we are now doing at our Nova Scotia Institute of Technology and our vocational schools. We know that to get into those new markets we have to adapt to new technology or we will be left behind.

That is where the new jobs will be created. We look forward to working co-operatively and very closely with the Government of Canada in new, exciting, innovative programs so that those new jobs will be created.

Mr. Prime Minister, we are here to work with you and to co-operate with you in the interests of Nova Scotia and of Canada.

THE CHAIRMAN: Thank you, Mr. Premier, for your thoughtful remarks.

Collègues, je pense que la journée était longue et fructueuse, nonobstant certaines divergences de vue de temps à autre, ce qui est tout à fait normal. On a traité ensemble de sujets fort complexes mais importants dans justement le genre

d'esprit qui doit nous animer, d'expansion économique au niveau national ainsi que d'unité nationale, et je remercie tout le monde de leur participation sur des sujets aussi importants et difficiles également.

I thank everybody for their participation in such a vigorous and helpful view. This is what we wanted when we signed the agreement. This is what First Ministers' Conferences are all about. This is what the country is all about. I think everybody knows now, if they did not know before, that it is a difficult country to govern, but we have achieved some unique and wonderful things together as a nation. This is why we have to work so hard to make it better.

A demain à 9h00, we reconvene tomorrow at 9 a.m.

Thank you very much.

ANNUAL CONFERENCE
OF
FIRST MINISTERS

CONFERENCE ANNUELLE
DES
PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unedited)

Morning Session of
November 29, 1985

COMPTE RENDU TEXTUEL

(non révisé)

Séance du matin
du 29 novembre 1985

Halifax, Nova Scotia
November 28-29, 1985

Halifax (Nouvelle-Ecosse)
Les 28 et 29 novembre 1985

LE PRESIDENT: A l'ordre, s'il vous plaît.

Colleagues, tel que convenu en fin de journée hier, nos sous-ministres et ministres, selon les circonstances, se sont rencontrés dans le dossier du commerce extérieur et les réunions en question vont continuer ce matin et les individus doivent se voir, si je ne m'abuse, encore à dix heures ou à dix heures moins quart afin d'essayer de compléter cette dimension du travail.

Donc, avec votre concours, nous allons commencer ce matin avec l'agriculture et les pêches, pour ensuite traiter de la question du commerce international après la pause-café de ce matin.

J'attends un rapport de la part de mes collaborateurs vers les dix heures quant au progrès effectué à date et je vous aviserai à ce moment-là, mais, si ça vous convient, on pourrait commencer immédiatement avec les dossiers de l'agriculture et les pêches. Est-ce que ça vous va?

No objections; is that all right?

So, with that, because of that reason that the conversations are ongoing in the area of trade with our Ministers and Deputies and officials, we will just jump an item on the agenda to agriculture and fisheries.

These industries have long been a mainstay of Canada's economic development. Our comparative advantages in agriculture and fisheries are enormous: Immense areas of fertile land, some of the world's richest fishing grounds and proximity to an enormous U.S. market. These factors explain the longstanding importance of agriculture and fisheries to our economy. They also suggest why communities across Canada cherish the ways of life associated with farming and fishing.

More than being just contributors to economic activity, these industries are very much a part of our culture and our heritage.

Ces industries ne font que contribuer à notre prospérité économique; elles font aussi partie de notre culture et de notre patrimoine national. Nous devons une bonne part de notre prospérité aux efforts inlassables de nos agriculteurs et de nos pêcheurs pour offrir des produits de haute qualité à leur clientèle canadienne et étrangère.

Nos produits agricoles constituent une source enviable et constante de devises étrangère. La valeur des exportations canadiennes de poissons est inégalée dans le monde. L'agriculture et les pêches contribuent à la prospérité économique du pays à d'autres points de vue également.

Ces industries sont le principal moteur économique de centaines de localités canadiennes et l'économie de chaque province repose en bonne partie sur l'agriculture ou la pêche ou les deux à la fois.

Il y a donc beaucoup de raisons pour que les défis auxquels font face nos agriculteurs et nos pêcheurs soient considérés comme des défis de la nation, exigeant l'attention immédiate du gouvernement national.

Comme d'autres secteurs primaires de notre économie, les industries de l'agriculture et de la pêche ont eu à affronter des problèmes de taille ces dernières années, notamment la fluctuation de la demande extérieure, l'apparition de nouvelles sources étrangères et la fluctuation des taux de change.

Our farmers and fishermen must compete with

the world's best and where possible move ahead of the competition. To do this they must become more efficient. They must be encouraged and assisted to cut costs, apply new technologies and use Canada's research and development expertise to full advantage. The Government of Canada has the obligation, the deep obligation to help Canadian farmers and fishermen come to grips with these challenges. Most have many needs in common but also important differences.

To respond effectively to the particular issues facing agriculture and fisheries we should, therefore, focus on the needs of each industry separately. I will deal first with agriculture and in both cases with the highlights and ask the Premiers to respond pursuant to their own personal views and objectives.

Canadian agriculture is at a crossroads. As you concluded at the Premier's Conference in St. John's last August, the time has come to review many of our agricultural policies and better adapt them to the current emerging needs of Canadian farmers. Since that Conference, Ministers have agreed that certain fundamental challenges need to be tackled on an urgent basis.

The first challenge is closely related to trade policy, our previous agenda item that remains to be dealt with in a definitive way by all of us. Almost half of our natural agricultural output is exported. This proportion is much higher in the Prairies. Food and agriculture policies around the world have led to over production, high domestic prices, low subsidized export prices and sometimes chaotic markets. The consequence of the changes in international markets have been to make Canadian

farmers vulnerable to fierce competition and increased protectionism. The fact is that traditional markets for Canadian agricultural products have become less assured than they once were.

This new environment means that Canadian farmers become even more competitive and that their access to foreign markets be enhanced. This is what we must do and as Prime Minister of Canada I pledge to Canadian farmers that this will be one of the priority goals of the federal government's trade policy.

The second challenge facing Canadian agriculture is of a financial nature. The roots of many farming problems go back about 10 years when rising commodity and land prices induced rapid expansion financed by borrowing. Commodity and land prices have since dropped leaving farmers with heavy debt loads, very, very difficult to service. Governments can help to cushion this impact and facilitate movement towards healthier farm balance sheets. In many cases this has been done by provinces and the federal government but much more remains to be undertaken.

I pledge that this government will do its share in helping Canadian farmers overcome their financial problems.

À cause de l'urgence d'autres problèmes, on a souvent tendance à oublier un autre important défi qui se pose à l'industrie agricole canadienne. Ce troisième défi est d'enrayer la baisse de productivité de grandes superficies par suite à l'érosion et à la dégradation des sols.

Si cette détérioration de nos terres agricoles n'est pas stoppée, les agriculteurs canadiens auront de plus en plus de mal à livrer concurrence sur les marchés internationaux.

Cette situation pourrait à la longue entraîner le déclin d'un secteur vital de l'économie canadienne.

Un des principaux défis que doit relever l'agriculture canadienne est donc celui d'améliorer la productivité des terres. Il est essentiel aussi d'accroître la compétitivité du secteur en améliorant sa productivité de façon à intensifier son développement.

Je m'engage à faire en sorte que le gouvernement fédéral intensifie ses consultations avec les provinces sur une base prioritaire afin de déterminer les mesures à prendre pour améliorer la productivité de notre secteur agricole, y compris celle des terres arables.

Ces défis doivent tous être relevés mais, comme on peut prévoir une augmentation sensible des prix agricoles dans l'avenir prévisible, nos attentes à court terme pourraient être réalistes.

J'ai la conviction que, si les deux ordres de gouvernement collaborent en ce sens, le secteur agricole pourrait trouver et exploiter de nouveaux débouchés et devenir ainsi plus compétitif.

Canadian farmers have amply shown in the past their strength and resilience in the face of even worse difficulties.

The Government of Canada has committed its support to the agriculture and food sector and is now spending over \$2 billion a year to promote growth, stability and competitiveness in this vital industry.

Initiatives have been taken over the past 14 months to improve our credit programs, tax provisions and stabilization programs.

The Government of Canada recognizes that more needs to be done, but Canadian farmers' needs are complementary and harmonized policies reflecting a comprehensive and co-ordinated approach to agriculture by both orders of government.

I have given the Minister of Agriculture the mandate to pursue intensive consultations with his provincial counterparts as well as representatives of Canadian farmers. In particular the challenges of trade, farm finances, resource-based sustainability in agricultural development will be addressed.

In keeping with the suggestion that all of you have made following the Annual Premiers' Conference, I have also asked Mr. Wise to develop proposals for a more comprehensive and coordinated approach to crop insurance and disaster relief.

I now turn to fisheries. This, as Premier Peckford has indicated, Premier Buchanan, Premier Lee, Premier Hatfield and Premier Bennett in other circumstances, is a very complex industry, with special kinds of problems on both coasts.

Within both its marine and fresh water fisheries components, there are separate commercial, recreational and native fisheries elements.

With your permission, my brief remarks today will focus primarily on marine commercial fisheries. There are

obvious similarities in the difficult situation faced by farmers and fishermen, but there is an important difference. Considerable efforts have already been made to put in place the main elements of our current fisheries policy.

In my judgment, the main focus of coordinated action by governments should be not on reviewing current policies necessarily but on determining appropriate means to implement them more effectively.

This is consistent, in my judgment, with the emphasis you placed in St. John's on joint efforts to realize the full economic potential of the fisheries.

To that end and in the spirit of the St. John's communiqué, I suggest that we look past any particular differences we may have and focus instead on building a strong and healthy industry.

I think there is a broad consensus on the key policy directions we must pursue to achieve this common goal.

First, the resources in our 200-mile zone must be managed in the best interests of Canadians.

Second, we must improve the position and reputation of Canadian seafood products in the marketplace to buttress our leading presence in world trade.

Third, we must create a business environment supportive of private entrepreneurship.

Fourth, we must ensure that Canadian fishermen can earn stable and decent incomes, despite the cyclical nature of their industry.

Progress is being made on all of these fronts. Canadian fishermen are now harvesting close to 80 per cent of the

fisheries resource available to us within the Atlantic coast 200-mile zone. This compares to about 40 per cent in 1976.

The federal government has taken swift and firm action to control overfishing and illegal fishing, both within and at the limits of Canada's 200-mile zone, and will continue to do so whenever necessary.

Nous exportons plus de 80 pour cent en valeur de notre production de poissons et le Canada occupe une position dominante dans ce marché au niveau international.

Nous avons engagé des discussions avec les gouvernements provinciaux au sujet de la mise sur pied d'une industrie agricole.

J'ose espérer, dis-je, que cette initiative nous permettra également d'envisager d'autres sphères de collaboration.

La lutte contre les pluies acides et les mises en valeur de la pêche sportive, par exemple, sont d'autres questions qui nous intéressent aussi mutuellement et qui pourraient bénéficier d'une action commune.

Nous attachons une grande importance à l'expansion du commerce du poisson dans le cadre de notre stratégie nationale de commerce extérieur.

Je fais appel à la collaboration de vos gouvernements pour aider le nôtre à remplir les engagements que je prends de préserver la place qu'occupe le Canada comme premier exporteur de poissons, de promouvoir la vente de produits de qualité et de renforcer l'excellente réputation dont jouit le Canada sur le marché.

If we are going to have a healthy fishing industry and more prosperous fishermen, our policies for fisheries must be complemented by sound social, economic and regional development policies. We cannot expect the fisheries to serve as an employer of last resort where as a means to gain access to the social safety net regardless of resource management and conservation principles. We are concerned, genuinely concerned about the unstable incomes of many fishermen.

Recently the federal and Newfoundland governments once again addressed the immediate income problems of inshore fishermen effected by a poor and a short fishing season. On October 28 John Crosbie announced with Premier Peckford that short-term measures would be provided because they had to be provided in the form of job creation projects. Newfoundland committed \$2 million and the federal government \$7.5 million for this purpose. I give that by way of illustration because it is clear that we have to examine new approaches to the long-term problem of income stability.

Many fishermen suffer real hardships from the vagaries of climate and biology. We want to look at new ways to deal with this problem. I therefore ask the Minister of Fisheries and Oceans and the Minister of Employment and Immigration to develop fresh approaches to the problem of instability in fishing incomes bearing in mind potential countervail implications.

Current approaches to income stability rely primarily on fishermen's unemployment insurance because this program is not designed to deal with the fluctuations and supply that are so characteristic of the fishery. Fishermen and their families are often vulnerable to losses of income. Moreover, this particular approach does not always reward initiative and hard work as it ought to.

So I think we have an opportunity to redress this problem and strengthen the sense of pride associated with fishing as an occupation. It is important, however, to bear in mind the difficult nature of the problem of income stability. Designing workable alternatives that address the problem and offer the right and the attractive and appropriate incentives will not be easy, not for us or not for any provincial government with which we co-operate.

I, therefore, want to assure you that before taking action on the proposals of the federal Ministers or any recommendations that may come forward pursuant to their consultations and the recommendations of the Forget Commission dealing with the review of unemployment insurance. Provinces and the fishing industry will be consulted and closely and intimately consulted.

The basic challenge before us in the fisheries as well as in the agricultural sector is to build on the Canadian tradition of consultation and co-operation to enable these two industries to reach their full economic potential. I am confident that we will reach that challenge because reach it we must. I have asked the Minister of Agriculture and the Minister of Fisheries to report to me within six months the progress they have made in these very difficult tasks assigned to them. I know you will ask your Ministers to do the same.

As I mentioned earlier, extensive consultations have already taken place among our Ministers. Together they have determined the key elements of a joint and co-operative approach in meeting the challenges facing Canadian farmers and fishermen. The Minister of Agriculture and the Minister of Fisheries have advised me that considerable progress has been towards a broad

consensus identifying the challenges facing Canadian farmers and fishermen on many of these matters.

They have also apprised me of two draft statements setting out the action plans for federal-provincial consultations on agriculture and on the fisheries. These statements also seek to identify the key issues that Ministers should address as well as the manner in which this might most effectively be done in a federal state such as Canada.

I understand that these jointly developed statements have received broad support from governments participating in this Conference. I have asked that they be distributed to you now and I propose with your help that we pledge our support to Ministers and provide them with appropriate guidance in the very important work over the coming months.

I now, Colleagues, invite your comments and views on these two very vital areas and may I ask Premier Devine to begin.

HON. GRANT DEVINE: Thank you, Mr. Prime Minister,

I, first of all, want to say I am encouraged by your mood of co-operation this morning. We may be scrapping over transfer payments for the next 20 years but we have no time to scrap over this. We need co-operation more in this industry now than we ever have in the past and I am going to be proceeding to make that case.

I want to also thank my Colleagues, the other Premiers and the Prime Minister, for putting agriculture and the food industry on the agenda of the First Minsisters' Conference. It deserves our attention, not only from the point of view of farmers and consumers in this country, but from a world perspective.

Mr. Prime Minister, I want to put a global perspective on the problem that we are facing.

We have, without a doubt, an international crisis on our hands: One, in the farm finance and in the market sectors and, two, in starvation and deprivation on the other hand. It is time we dealt with it nationally and internationally and jointly.

I am going to break my comments down, Mr. Prime Minister, in three areas when I look at the agricultural problem across the world.

One is the whole question of debt; two will be the market protectionism that we face; and three will be dealing with the help that we should be trying to provide to hungry people.

Let me start with the farm debt.

It is historically high in Canada. I do not think it has ever been close to it but I want to add that it is not just in our country. Farmers across North America have been caught in a severe financial situation with high interest rates,

low prices, rising costs and bad weather.

I find it interesting: It is one thing to note that you might have a rock concert to help raise money for people who are starving in Ethiopia, but when you start having rock concerts to help the farmers in North America, you have got yourself a very interesting situation.

Recently, I was in Washington and, when I was there, the Governor of Iowa declared a complete moratorium on farm debt. When the Governor of Iowa does that, and when Willy Nelson is organizing all kinds of rock concerts in the size that he did with respect to farmers--and this is not for people in Ethiopia, this is for North American farmers--it gives us the idea, a beginning of the idea of the magnitude of the problem.

Farmers now owe banks more than Brazil and Mexico combined to American banks, over \$200 billion. Canadian farmers are in the very same situation. Canadian and American farmers are known to be some of the most productive in the world and, yet, now they are in the worst economic situation that they have faced in 50 years.

The economic and financial crisis is not limited to farmers. We are all in this together. We have all made similar mistakes, bankers, fertilizer companies, oil companies, trust companies, supply dealers, machinery dealers, all of us, and the consumer has an enormous stake in the whole exercise. Food prices have been very reasonable in this country and have contributed to our standard of living. As the crisis builds at the farm and the agricultural level, nationally and internationally, the consumer runs the risk of having a severe reduction in the standard of living.

I want to, for a few minutes, Mr. Prime Minister, look at the history of the last 15 years to put the debt structure in perspective and it is not just limited to the farm. It cuts across the entire economy and I think that will be clear when I finish.

I want to particularly look at interest rates and inflation and commodity prices. I will start in the early 1970s.

In the early 1970s, United States decided that the U.S. dollar needed to be a little bit stronger, so they expanded the money supply and they lowered interest rates. Well, what happened?

Interest rates were about five or six percent and inflation was about three times that, about 15 percent. Well, under those circumstances, who would not borrow money? Who would not lend money? The real rate of interest was very low.

Land values were increasing at about \$100 an acre every three or four months and bankers and farmers and people across Canada agree. Anybody could borrow money at five percent and make money because the inflation rate was 15 percent and the process started.

In about 1980, Mr. Prime Minister, the United States changed its mind with respect to monetary policy and they wanted to slow inflation, so they tightened it up and the result was that interest rates went to 15 percent and inflation went down to five. We had the complete reverse. We started at five percent interest rates and inflation running like this. People could borrow and the banker would lend it and he said: Well, that is all right because the land values are going to be fine.

Then when it really got going, United States turned it around the other way and all of a sudden, you had interest rates

at 15 or 20 percent and inflation down at five.

Well, what happened? People got caught. Not just farmers got caught, the bankers got caught, the machinery companies got caught and anybody involved in borrowing money and counting on inflation. The thousands and thousands of people across Canada and the United States were in a situation that they could not get out of.

The real rate of interest became extremely high. Banks closed, farms and agro-businesses went bankrupt. They shut their doors and the debt burden went into the billions and billions and billions, not just on the farm but on the machinery dealer and on the supplier and those that were dealing with the farm and those that were dealing internationally.

Well, Mr. Prime Minister, they have done it again. Not too long ago, the United States decided they are going to change their mind now. They said the dollar is a little bit too high and they are going to loosen up again. So, here we go. We are going to have lower interest rates and inflation creeping back up and we are starting the cycle all over again, except there is a big difference this time. We are going into this one, Mr. Prime Minister, with debt on our back that we did not have when we started that cycle in 1970. We have never had so much debt on our back-and while you can look forward, and that is the best commodity news I have heard in five or ten years was the U.S. was going to change its monetary policy. But, this time, when are going through it, we are beginning it with billions and billions and billions in debt hanging over, not just the farm, but all the people that serve the farm and all the people that work on the other side of the farm.

Well, it may take decades for us to recover, Mr.

Prime Minister, and you know the size of the debt, if we do and if there are good times but I remind you we are not starting from the same premise that we kicked it off with in the 1970s and the middle of the 1980s. It is extremely different.

So we have major problems. Those who have borrowed got caught because they have big debt and they thought the land values would never stop. Too many farmers now have run their line of credit and they cannot get anymore, so they are into a situation where the bankers say: Well, I will lend you the money and you can buy the farm and I will lend you some operating money. Now the value of the land is going down and down and he is up to here because he cannot get anymore credit and now we are into a third situation where there is no money in it, there is no profit because the costs are going up, the prices are low. We need a very good economic situation just to crawl out of it without the debt and we have both. We have a high debt and we do not have a good economic situation for us to improve it over time and on top of that, from place to place, like Southern Saskatchewan, you get drought and grasshoppers, just to compound the whole international situation.

Well, Mr. Prime Minister, I do not think I have to advise you or the media how hard that situation hit Saskatchewan. We have almost half the farmland in Canada in our province. Saskatchewan families were hit hard in the drought area and outside the drought area.

It is sort of like the saying: They owe their soul to the company store, but the company store does not want it. In some cases, it has literally taken their lives, not just their heart and soul, literally taken their lives. The company stores like the banks and the credit unions and the trust companies

in this country may have the farm, but they do not particularly want it. They do not want to farm it, they do not want to sell it--because if they sell it, they only get part of what they put into it--and the more they put on the market, the lower the land value is.

It is a Catch 22. There is a common problem, and we need a national and an international policy to cooperate to address it. I cannot solve it in Saskatchewan. You cannot solve it in Ontario, or just in Manitoba. We have to deal with it together; federally, provincially, nationally and internationally. But we have the responsibility to fix it, and it is an awful lot bigger a problem than what we have been scrapping about over the last 24 hours. \$2 million worth of transfer payments, \$2 billion. I am talking tens of billions of dollars on the backs of one of the most productive sectors we have had in this country that built the country. That built it.

We believe we are talking about something that is the traditional strength of this country: the farming and the food industry. There are 500,000 people working at the primary level in agriculture in Canada; 1.5 million in the food industry; \$30 billion a year in retail sales. Agriculture has been a major contributor to our export balance of payments, over 10 per cent of Canada's merchandising exports.

The food business is Canada's largest business. Largest business. There is nothing else that can compete with it. There are no alternatives to food. And all those people that supply the input side to agriculture, whether it is finance, whether it is building the roads, whether it is providing the fertilizer or the farm trucks or the combines or the chemicals, or just part of it, let alone what agriculture does itself at the farm level. And then there is a whole other side of it in terms of processing, in retailing and exporting. It is Canada's largest business.

Well, I believe Mr. Prime Minister and Colleagues, that puts some of the financial burden in perspective, and the magnitude of what agriculture can do in this country.

Let me just quickly move to marketing problems associated with subsidies and surpluses and protection, because it goes hand in hand.

We used to see markets as part of the solution. Now they are part of the problem, because of protectionism and international subsidies. We are looking at a situation now where many financial problems in industrialized countries are causing some really strange political activity, not only in the United States, not only in Europe, but in countries all over the world. The United States farmer is no different than the Canadian farmer. When he gets in a little bit of trouble, he squeals and hollers and pretty soon we cannot trade hogs into the United States, and Japan is not any different. They have tariffs against oil, seeds and beef. Premier Peckford advised me that there is a 20 per cent tariff on salt fish. And the European Economic Community, that used to be major customers of ours, are now major competitors. The common agricultural policy in the European Community is bizarre. They have huge surpluses, high subsidies, and they are trapped. I met with the Prime Minister of France -- a friend of yours, Mr. Prime Minister -- and he said «I do not know what to do with it».

They are now feeding butter to beef. The livestock industry is consuming butter in the European Economic Community. That is how bizarre it is.

You have policies around the world and people that used to be our customers who are building huge surpluses,

with huge subsidies and a high degree of protection, and we finally got to the situation where the beef cattle in Europe are eating butter because they have so much of it. It is coming out one end and it is going in the other.

Mr. Prime Minister, I was in Washington recently, and the Secretary of Commerce and the Secretary of Agriculture and the Secretary of Trade or the Ambassador of Trade agreed that U.S. farm policy is adding to the problem, not fixing it.

They have huge surpluses and they have high debt and they are into protectionism, and you put all three together and it is a great recipe for economic suicide.

When you look at some other countries, we are finding that the Green Revolution has moved them toward more and more self-sufficiency -- China, India, Mexico, and so forth.

So, protectionism is a threat, and it is not just a threat. It is here, and it is alive, and it is well, and it is working. It is working in the United States; it is working in the European Community; it is working in Japan. On top of that we have these bizarre policies where we are adding to the problem politically at home and in various countries because we do not know how to deal with it.

Well, we need some common will, Mr. Prime Minister, to deal with this problem because it is big and it is important, and it used to be a strength and it still can be.

If we look at international farm financing, we see it is not limited to agriculture. I can give you an example in my province, and just an easy one, and it is in the fertilizer business.

In 1981, when farmers had some money, we sold

enough potash out of Saskatchewan to bring in something like \$285 million in revenue to Saskatchewan, just in potash sales, and the biggest customer is the American farmer. \$285 million is a lot of money as a royalty take.

Do you know what it is today? It is virtually nothing.

It is not just the farmer that is involved. This is thousands and thousands of families that are involved in mining that are directly linked to the farm debt in agriculture.

\$285 million in revenue, that is enough to balance my budget on an annual basis, and it is gone, gone because of the farm debt in North America.

Well, the same can apply if you are selling automobiles into Saskatchewan or into any place else, farm machinery or pickup trucks or whatever. Hundreds of millions and billions of dollars of purchasing power come right out of agriculture, and it is gone, because of a trap in a cycle: high interest rates, changes in monetary policy in the United States and some drought and some crazy policies around the world with respect to protectionism and subsidies.

The third thing I want to touch on, Mr. Prime Minister, is with respect to the irony of how we can have so much production and an ability to produce and have surpluses in the United States and feeding butter to the livestock industry in Europe, and at the same time, look at huge population growth and staggering amounts of starvation in other parts of the world. If that survey that was recently done was done right, I think it bothers people to think that you have children and families in Africa or wherever without food,

and we have the capacity to be so productive and we are falling short.

There is something a little haywire when we have that ability to produce and we have the wherewithal to put that kind of standard of living on tables in North America, and at the same time, we have got millions and millions of people without cash in poverty and empty stomachs.

It seems to me, Mr. Prime Minister, that Canada is a natural to take a lead in that.

We have to address all of these together because they are connected, and I go through this exercise because I am not just talking about a farm problem. I am talking about a consumer problem, an industrial problem, a trade problem, a protectionism problem, a humanitarian opportunity as well as a problem.

The farm industry in this country is on the verge of a wreck, and we need to take a provincial and national and international responsibility seriously. We did not put agriculture on this agenda just to pat ourselves on the back so that we could talk about it. I did not; I will tell you that for sure.

It deserves to be here; it should have been here earlier. It should have been here five years ago, but it was not. It is here now, and thank God that it is here.

We are not just going to leave this conference and saying «we just talked about it». I am not going to leave this conference and this table saying «well, what did we do; we had a nice discussion about several billion dollars in debt in an industry that is in big trouble nationally and internationally.

We are going to show the Canadian public and the world some action. We have to show them some action. I am encouraged by your comments this morning that we have the will to move and to show them action in the near future.

While the high interest rates and drought and international nonsense may not be our fault -- it probably is not -- we must take steps now to protect ourselves from these events in the future; two, wherever possible make very sure that they do not happen again; and three, get our farm financial structure back on its feet so it can be a powerful driving force, constructive force in this country.

We cannot solve it alone. Saskatchewan cannot, Prince Edward Island cannot. In fact, Canada cannot. It has to have co-operation internationally.

Mr. Prime Minister, I have distributed a comprehensive set of research documents and recommendations at this conference, and they have been distributed to the Premiers and their staff and their Agriculture Ministers early, and we have been working on it for a month.

What I recommend at this meeting, Mr. Prime Minister, is action. We have had much research and homework and discussion that has already gone on, and I want to thank all those that have co-operated. I want to thank the farm groups that are co-operating with input. I have some of them with me: governments, consultants and farm families.

We are in a position now to design and implement, as you suggest, with my full endorsement, a brand new comprehensive natural agriculture and food strategy for this country, and it needs it.

I will close, Mr. Prime Minister, by making several recommendations, and we can take it from there.

The first is by April of this next year -- 1986 -- this spring, that Canada, in co-operation with the provinces and

the farm sector have in place a permanent, long-run, straight-forward agriculture emergency program that will trigger financial protection for farmers that face weather and insect-related disasters. You have to have some protection against three or four or five or six years of drought. It is not your fault. You have to maintain the confidence so farmers will hang in there and they will build the irrigation pumps and they will put the fertilizer in there and they will protect the soil because, without that, you lose the base. Farmers need the confidence that they can cope with this cyclical disaster.

Two: By this spring -- 1986 -- Canada, in co-operation with the provinces and the private sector, has in place a mechanism to re-structure and re-design or fix Canadian farm debt, including both interest rate limits and targeted tax changes to lower input costs. I have obviously made a move. Alberta has made a move recently with respect to farm fuel and you are hard-pressed, Mr. Prime Minister, when you are driving your tractor around, paying tax on the fuel that is going into one of the most productive areas you can find. You are not on somebody's road, you are not on somebody's parking lot, you are not on somebody's airport. You are on your own land, trying to make a living and make a standard of living for the rest of the country, and you do not look well on farm fuel tax.

It is part of the major cost of being productive and competitive and you mentioned that yourself, sir. If we want to be competitive, then we have to target our tax changes into those areas that have the ability to produce. Goodness knows, we have to all have taxes to help deal with deficits in our budgets and the rest of it, but I believe when we look at strengths and potential, that is where we have to start looking

at tax changes.

Three, Mr. Prime Minister, I am going to recommend to you, and I believe that you will get support in Europe and you will get support in the United States, for you to call an agricultural summit in advance of GATT, because I believe that agriculture is too important just to leave with GATT. I am not optimistic that GATT is in a hurry or a new round is going to be there, and the things that are going on in agriculture today are so far removed from the kinds of things that you try to talk about in a multilateral trade agreement that I do not think it will work. I believe the problems are significant enough that your secretary or whoever, your Ministers, talk to the Secretary of Agriculture of the United States and talk, as I suggested, to the Prime Minister of France. They would look favourably on us dealing internationally and we could invite them. We are certainly credible in that area; we have earned the right to talk about it. Get agriculture discussion in front of the next round of negotiations. We were traded under the table in the last GATT round with respect to agriculture. It was traded off in terms of all kinds of things; it never even made the table.

Well, I believe it is time that it is top priority because of its international ability, because of its efforts to feed people, to contribute to peace, if not just good, sound economic sense.

Well, I say, Mr. Prime Minister, I believe that you would get a favourable response and you can link it to all the things you might want to link it to in terms of trade, more sound co-operation between other countries, helping other people, good, solid business sense.

We have to work together with respect to markets

and co-ordination and growth, and you have talked about that, and I am going to recommend that we fight protectionism in agriculture, in anywhere that we find it. Protectionism is going to really hurt the food and fibre business and the fish business. I do not pretend to talk that much about fish but it is important that we put them together, that we co-operate and that we innovate and that we be aggressive and we can well afford to be aggressive in food and agriculture.

Finally, Mr. Prime Minister, it seems to me if you want to go back to the kinds of things that you talked about, being productive, being efficient, being on the forefront, good technology, I am going to recommend that we develop a national agriculture research council, funded by all of us--the private sector, the provincial government, the federal government and so forth--to make sure that we are on top of the new technology and the productive capacities for people in agriculture.

Mr. Prime Minister and my Colleagues, in my view, agriculture and the food business is the backbone of the Canadian way of life. We settled this country with farmers and farm families.

As an example, every one of my grandparents were immigrants, and all farmers. They all started here in this country and it is a unique and it is a much respected way of life. It has been good to the Canadian consumer, it has been good to the economy, it has been a fine heritage and one of our long and traditional strengths. We needed agriculture to build Canada in a special way.

Mr. Prime Minister, now--right now--they need us.

THE CHAIRMAN: Thank you, Mr. Premier, for a very eloquent and persuasive argument or series of arguments and observations in favour of a national effort to help one of the principle areas of industry and growth in our country in the agricultural sector, and I think by and large, sir, you have made some recommendations of great import. But I think by and large the thrust is what we have been talking about together and I think we can do major things together, as we have to help the farmers. You are quite right, it has been the most productive element of our society for years and if we believe in fairness it is time to turn our vigorous attention to that and to the fishery as well, another complex and extremely difficult area, and I invite Premier Peckford to be the first speaker on that.

HON. BRIAN PECKFORD: Thank you very much, Prime Minister.

I am like Premier Devine, I am very pleased that we have agreed to have these topics on the agenda for this Conference. As we all know this came out of the Premiers' Conference in St. John's.

At that Premiers' Conference, as most of you now know, agriculture and fisheries, there was a high level of concern among Premiers about the serious problems which plague two of Canada's big industries, Canada's largest primary renewable resource sectors.

I would just like to take a minute to review the role which these sectors play in the Canadian economy. Canada's endowment to the fishery and agriculture resources give us, I think, a strong international comparative advantage in the production of food and these resources are renewable. Therefore, one would have to go from the principle that it was sound management,

and they should continue to be a source of employment and prosperity for Canadians and food for the world. To take any other premise, I think, would be very unfortunate.

Primary fishery and agricultural production accounts for over four per cent of Canada's gross national product and employs directly more than six per cent of Canada's labour force. These figures, of course, can be doubled and tripled when the food processing sector and the spin-offs it creates are added.

In regional terms these sectors are even more significant. In Newfoundland, for example, the fishery alone accounts for over 30 per cent of our goods producing sector and provides employment at peak for 30,000 people or about 20 per cent of our labour force. The fishery is the only source of employment for thousands of people and the sole economic base for hundreds of communities in whole regions of Québec, the Maritimes and in Newfoundland and Labrador. Every aspect of the economy in these regions is based on the fishery. Everything from the local garage to the supermarket, from the boat builder to the fishing gear dealer, and perhaps it is not well known.

Canada is the world's largest exporter of fish products. We are number one in fish products and we have not even reached our potential yet. Fish products account for 1.4 per cent of Canada's total exports. Again, this is magnified many times in the context of specific regions or provinces. In Newfoundland, for instance, fish products account for 22 per cent of all exports. Fish exports from Newfoundland account for 24 per cent of total fish exports from Canada.

Just let me touch on agriculture just for a second. Premier Devine has just made a very eloquent presentation of the problems in the agricultural sector. I do not want to repeat his

points but I do want to emphasize the fact that certain fringe areas of the country, such as British Columbia, the Maritimes and Newfoundland need special attention paid to their agricultural problems through programs which recognize regional differences. How many times have we heard that over the last 10 years on all kinds of programs?

It may sound logical to say that national programs must be applied according to standard criteria, but the practical fact is that these criteria sometimes preclude problems from participation in such programs. That is one of the biggest problems we have in our agricultural sector.

We in Newfoundland have not had the benefit of a century of Canada's agricultural policy and programs and thus need more basic support. We want to see national programs designed so that we can participate, otherwise our farmers will be placed in a less competitive position than at present.

And may I make the final point just on agriculture in Newfoundland terms. All we are looking for is a reasonable chance to compete in our market. We do not foresee the day when our agricultural products will threaten others or any external market, and if we can add national programs which are tailored to our particular uniqueness, then we think we can do a lot more in the agricultural industry in Newfoundland.

Now, Mr. Prime Minister, let me try to go through the fishery in the national and regional perspective under a number of headings so that we fully understand the problems and let me try to propose some solutions. Let us look at the failure first this year.

The over performance of the Newfoundland fishery in 1985 is cause for considerable concern to all the governments.

While the offshore sector of the industry performed reasonably well this year, the inshore fishery experienced one of its worst years in nearly a decade. Given the dramatic impact which the inshore fishery has on our rural economy and with no alternative local employment opportunities to compensate for the sharp decline in inshore landings, it is quite evident that the majority of inshore fishermen and plant workers will experience a significant decline in earned income this year. It clearly demonstrates a need for national -- and here I am parallelling what Mr. Devine said on the agriculture sector -- the need for a national and long-term approach for dealing with catch failures in the fishery.

Preliminary estimates are that inshore fish landings are down by more than 25,000 tons this year, a drop of 25 per cent in the landings experienced in 1984. This represents a major failure in our inshore fishery and is being attributed to extremely cold water conditions, the coldest in at least 40 to 50 years. Such a shortfall will result in a revenue loss of approximately \$40 million. It will have an extremely adverse impact on individual communities and whole regions. Unlike previous years, and every year you have this, unlike previous years when it was not unusual to have a localized failure which you could deal with, which you have every year -- one year the fish will come in one bay and will not come in the bay next to it and so you go each year.

The picture for 1985 is characterized by a widespread failure in our major inshore fishing areas, the east coast and coastal Labrador. So you have the whole east coast of the island and Labrador here having a 25 per cent drop in their landings. And, as I have just indicated, the fishery is very susceptible to

climatic conditions such as adverse ice and cold water temperatures. In this context the performance of the fishing industry is affected by the vagaries of nature in much the same manner as the agricultural industry. From a public policy perspective, given the dramatic economic impact which the fishing and agricultural sector have on special regions of the country, it is essential that effective programs be developed to accommodate widespread problems in both sectors.

Income stabilization. The unemployment insurance program, Prime Minister, as you have already referenced in your opening remarks, cannot accommodate the needs of those fishermen who, for reasons beyond their control, experience a disastrous fishery in any given year. However, we are very pleased with the federal government's participation and our short-term job creation program that was announced a number of weeks ago and some projects are now getting off the ground. That is good and we are thankful for the co-operation that we were able to get there and so quickly and expedited so well.

But some form of catch insurance program or income stabilization program would be more effective for the fishery sector in the longer term. For this reason I believe that we should collectively consider the idea of a program which over time could be self-sustaining. A big task but it has to be looked at.

At our Premiers' Conference, we were all struck by the similarity of the problems described in Premier Devine's paper, "Towards a Truly National Agricultural Policy", and the problems of the fishery. The dependence of a rural economy on agriculture and the family farm are similar to the dependence of a rural economy on local fish plant and individual fishermen. Drought and grasshoppers, cold water temperatures and ice are all natural phenomena, and all have a similar impact on the agricultural and fishery sectors. The results are the same. In the case of the fishermen and the farmer, it means unemployment, income loss and deprivation.

I have noted, and I think we all agree that, by virtue of our endowment of fisheries and agricultural resources, Canada has a strong comparative advantage. But this is not enough. We will never reap the benefit of these resources if we ask our farmers and fishermen to live in poverty, barely managing and sometimes not managing to stay one step ahead of bankruptcy.

What should be the policy framework?

In addition to the natural problems with which these sectors must contend, we in the public sector have not always provided the necessary or appropriate policy framework. The policy framework has not always been flexible enough to adapt to changing circumstances. Premier Devine has just spoken on that with regard to agriculture, and I would like to do the same with fisheries.

Apart from the pressing problem of income stabilization, we have failed to move on a comprehensive quality assurance program for the fishing industry, for example. We are still faced with serious problems relating to the foreign overfishing of the critical fish stocks on the nose and tail of the Grand Banks, just as Pacific salmon stocks are threatened

with international overfishing on the west coast. As well, an appropriate strategy for the export marketing of fish products has never been addressed.

I am talking about a policy framework which includes quality assurance program; I am talking about a policy framework which includes addressing more effectively the foreign overfishing on the nose and tail of the Grand Banks; and I am talking about an aggressive export marketing of fish products program.

On quality, I cannot emphasize too strongly the need for a comprehensive set of quality standards for Canadian fish products. Our fishing industry is making great strides in quality improvements, but we need a national program to maintain and promote these quality standards.

Governments and the fishing industry have, for a number of years -- anybody who has been close to the industry -- discussed and have discussed to death the merits of implementing a mandatory fish quality assurance program, such as dockside and final product grading. While considerable progress has been made, the national and international consumer still cannot be assured of consistently superior quality fish, since there is no designation of Canadian quality standards.

In anticipation of increasing demands for guaranteed quality in a competitive market, I propose that Canada implement its proposed quality improvement program without further delay. Let us get on with it. This system would further enhance quality excellence. It would generate ongoing market confidence in Canadian fish products regardless of the technology used in harvesting, handling or processing the raw material. It would significantly buttress the industry's growing commitment to

quality improvement at all levels.

I must re-emphasize, and I think there is a wide measure of agreement among governments and in the industry on this, that quality is not a function of a particular harvesting technology. The industry has demonstrated that top quality premium market specifications can be met and, in fact, are being met with fish harvesting, using a variety of techniques. Indeed, the Acting Minister of Fisheries and Oceans, in his recent announcement of the controversial factory-freezer-trawler decision, indicated that his decision was not based on quality considerations.

With regard to export marketing, fish has never received appropriate attention in Canada's export marketing strategy. Export credit guarantees have not been available to fish exports. The generic fish marketing promotional program was one of the first programs cut in the November 1984 economic statement before it was implemented. I would ask the new Minister of Fisheries now to use his strength and his influence to try to have that policy decision reversed, because this was a good program and was just about to get off the ground. When you think of us being the world's largest fish exporter, to not move on that kind of program, we thought, was wrong at this time.

Resource Management and Sovereignty: Sovereignty over our resources is also critical and as we are seeing, Canada's ineffective and partial sovereignty over the fish resources on its Atlantic continental shelf is creating major problems for the industry.

When Canada extended its jurisdiction to 200 miles in 1977, it was generally thought that this would yield effective control over the fishing resource. -- everybody thought we had a panacea -- and bring an end to the international over-fishing which has devastated our resource. Unfortunately, this has not happened.

It is unacceptable that Canada, one of the world's major fishing nations, does not control the living resources on its continental shelf. The 200-mile extended economic zone excludes the rich fishing grounds on that part of Canada's continental shelf known as the nose and tail of the Grand Banks. These stocks have been the basis of the Newfoundland offshore fishery for generations and remain important to the industry.

These straddling stocks that swim back and forth from outside the 200-mile limit to inside are persistently and flagrantly over-fished by the fishing fleets of Spain, Portugal, some of the EEC countries, Korea and other nations, most recently the United States, because, as they have mismanaged their fishery resource on the east coast, they are moving farther and farther north and now we are getting the Americans up there fishing illegally.

There are times that, if you could go out--and you would not have to go out all that far--in a boat off Newfoundland and it was a clear night, if you took a look, not at the stars but just at the horizon, the New York skyline would be small

potatoes compared to the lights that you would see out there of foreign ships sneaking inside and outside and doing whatever they want to do. It is a very difficult problem because you have such a long coastline that the surveillance and so on of it is very difficult.

We have the Russians, we have just about every nation in the world out there fishing that very lucrative fish stock.

In this respect, I would like to read and endorse a recommendation of the Economic Council of Canada, not the Economic Council of Newfoundland, the Economic Council of Canada in its 1980 study entitled, «Newfoundland from Dependency to Self-Reliance.» Here is what the Economic Council of Canada said:

«We recommend that, in view of the failure of international authorities to police effectively the nose and tail of the Grand Banks of Newfoundland and in view of the need for effective control in these areas in order to enable competent management of fish stocks in the Canadian portion of the Grand Banks, the Government of Canada, with due regard to timing and international political consequences, explore the possibility of stepping up surveillance on the nose and tail of the Grand Banks and ultimately, assuming complete policing duties in these areas to ensure that the international regulations are being enforced.»

To reiterate, we must be fully aware that we are dealing with a threat to Canada's sovereignty that has the potential of undermining the economy of the entire Atlantic fishing industry.

Program for Action: The outcome of this discussion at the Premiers' Conference was the agriculture and fisheries communiqué. I understand there is a statement proposed for First Ministers on Agriculture which this conference would endorse. I will take this opportunity to give my endorsement to that proposal and to offer our support for a similar statement in respect to fisheries.

Both statements call for federal and provincial ministers to examine specific problems and challenges and report back to their First Ministers with their findings and recommendations. The approach suggested here is similar to the mandate given by the Regina First Ministers' conference to Ministers responsible for Regional Economic Development. The draft statement on fisheries makes some significant points on issues of concern to us, such as trade, income stability, resource management and development. To this extent, we have endorsed it.

However, jurisdiction: We would have preferred, however, to have had a recognition in that statement, as in the Premiers' communiqué in August, that, «As in agriculture, it is important that provinces, as managers of their economies, have a greater jurisdictional presence in the management of the fishery resources.»

Mr. Prime Minister, I ask now for your endorsement of this principle which all Premiers accepted in August. It has to be appreciated that provinces simply cannot undertake long-term economic and social planning without a greater degree of control over the harvesting sector of the fishery.

Recent federal policy decisions in the fishery have reinforced our objective of obtaining greater management

control over certain fisheries matters, so that our province can exercise some control over this vital resource as it does over other resources and it is difficult. It is difficult for other provinces who have never been confronted with this--Alberta, back in the 30s when they got the transfer of resources--but in this generation, the last 20 or 30 years, to really understand what we are saying here, because you already have it. In agriculture, the provinces have a major say. Or in your potash or in your uranium, you do not have the same problem and we were just unlucky enough, I said yesterday. Two of our major resources are on the Continental Shelf, one on top and one in, and it is a problem because we do not have the same kind of powers as a province because of that as all the other provinces normally have because they are all on land.

The rationale for this position is sound. It is based upon the fundamental principle of resource management, that those living nearest to a resource are the principal beneficiaries of that resource. Moreover, it is sound economics. Given these principles, it is inappropriate and illogical to allow foreign nations to conduct a fishery in Canadian waters, where Canadians living immediately next to that resource have the capacity to do so and are dependent on that resource for their livelihood.

I do not need to remind most people around this table that, that principle that I just enunciated, was the rationale Canada used to justify the extension of its fishery's jurisdiction to 200 miles. It must once again become the foundation of Canada's fishing policy. Unless those Canadians living immediately adjacent to the resource have the right of first access to that resource, there will be no hope of reducing unemployment or the current seasonality of the fishing industry on the northeast coast

of Newfoundland. You can forget it.

Mr. Chairman, your government's continuing understanding and flexibility in reaching our objectives with regard to offshore mineral resources must now be recognized as a milestone in Canadian federalism. We would like to see the same understanding and flexibility with regard to the fishery.

The principle of joint management, of concurrent jurisdiction, if you will, was recognized and is now embedded in the Atlantic Accord which will soon become the legislation of Canada and the legislation of Newfoundland and, from there, we will be putting it in the Constitution. If that principle is valid for the resource in the Continental Shelf, it should also be valid for the resource which swims over the Continental Shelf and in the water.

In closing, Mr. Chairman, I am delighted to be able to address the problems of the agricultural and fisheries sectors at this conference. Our farmers and our fishermen, fish plant workers and all those who are involved in those two industries deserve national attention and their problems must be addressed as a national priority in the months to come. I look forward to the follow-up and action that will come out of the communiqués when the Ministers get together and report back in six months.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Premier, thank you for setting forward the problems of the fishery with impossible solutions with great clarity.

Pour des raisons évidentes, il fut convenu entre nous, hier et également à l'occasion du déjeuner d'hier, que le Québec, exceptionnellement, que le Québec pouvait avoir un porte-parole à cette conférence autre que le Premier ministre.

Je demanderais donc à l'Honorable Jean Garon, qui est ministre de l'Agriculture et des Pêcheries du Québec depuis maintenant belle lurette, de prendre la parole.

M. JEAN GARON (Ministre de l'Agriculture, des Pêcheries et de l'Alimentation, Québec): Merci, monsieur le Président.

Nous sommes convaincus de la nécessité d'assurer le développement -- je parlerai d'abord de l'agriculture et ensuite des pêches -- nous sommes convaincus de la nécessité d'assurer le développement de notre secteur agricole.

Les efforts que nous avons consacrés au cours des dernières années au développement de l'industrie agro-alimentaire québécoise démontrent avec évidence que nous reconnaissons le rôle moteur du secteur agricole dans la création d'emplois et la croissance des exportations.

Pour faire face aux défis posés au secteur agricole, il a été proposé de mettre la priorité au cours de la prochaine année sur la définition d'une politique agricole canadienne articulée autour de quatre grands objectifs: le renforcement du rôle du Canada sur les marchés mondiaux, la nécessité de programmes globaux d'assurance et d'aide aux

victimes de désastres, la protection des ressources en sol et en eau, l'accroissement de la productivité par la recherche et le transfert des technologies.

Même si nous reconnaissons l'intérêt de ces objectifs, nous croyons que la démarche proposée ne pourra être couronnée de succès qu'à la condition que tous ceux qui y participeront aient bien identifié les causes fondamentales des problèmes que connaît présentement le secteur agricole.

À notre avis, les difficultés actuelles des agriculteurs canadiens originent en premier lieu des bouleversements qui ont marqué le marché mondial des céréales depuis le début des années '80. D'un côté, la crise économique avec ses taux d'intérêt astronomiques a obligé les pays acheteurs de céréales à réduire sensiblement leurs importations.

De l'autre, un bon nombre de nations ont pris conscience de la nécessité de produire elles-mêmes les céréales qu'elles consomment.

Nous nous retrouvons donc aujourd'hui dans un marché saturé sur lequel les grands pays producteurs de céréales cherchent à écouler leurs surplus. Les producteurs agricoles doivent subir les conséquences de cette situation, non seulement les producteurs de céréales mais aussi les producteurs de boeufs et de porcs.

Tant que nous n'aurons pas admis que nous vivons actuellement dans un marché de surplus plutôt qu'un marché de pénurie, toutes les solutions que nous pourrions trouver ne seront pas axées sur les problèmes réels auquel le secteur agro-alimentaire est confronté.

Il faut se rendre compte qu'aujourd'hui la Chine exporte des céréales, l'Europe exporte des céréales, l'Amérique du Sud exporte des céréales, les Etats-Unis exporte des céréales,

le Canada exporte des céréales, et le seul pays à peu près importateur régulier de céréales, c'est la Russie, de sorte que dans le monde il y a un surplus de céréales alors que le Canada continue à subventionner sa production de céréales comme s'il y avait des pénuries considérables dans le monde alors que, au contraire, il y a des surplus.

Si nous continuons dans la même direction, d'avoir des politiques fédérales qui contribuent, en dépensant des milliards de dollars d'impôts, de fonds publics chaque année pour accroître une production pour laquelle il n'y a pas de marché ...

Après deux années de désastres dans l'Ouest, les entrepôts sont pleins à la grandeur du Canada, ce qui veut dire que, actuellement, il n'y a pas de pénurie.

La même chose dans le secteur des viandes rouges, ça fait plusieurs années que je demande, dans les conférences fédérales-provinciales, quelles sont les possibilités de marché dans le secteur des viandes rouges. Il n'y a pas de développement de marché dans le secteur des viandes rouges dans le monde. Il n'y en a pas en Europe, il n'y en a pas en Asie, il n'y en a pas aux Etats-Unis, au contraire, il n'y en a pas en Amérique du Sud.

Quand bien même que nous donnerions des milliards de dollars pour développer la production de viandes rouges dans l'Ouest, il n'y aura pas de marché, sauf des surplus sur le marché canadien avec l'effondrement des prix qui va s'en suivre.

C'est ça la réalité économique internationale, mondiale. Il faut admettre les faits, les faits sont là et, si on veut se buter aux faits, comme quelqu'un disait chez nous,

les faits sont têtus et on peut difficilement affronter des faits; c'est la réalité.

Il y a des surplus dans le monde et les pays en voie de développement ne sont pas intéressés à importer des viandes de pays industrialisés pour être de plus en plus dépendants sur le plan alimentaire.

Si on fait moindrement une enquête, et les chiffres sont là au gouvernement fédéral dans le ministère des Relations extérieures, où les marchés d'Asie par exemple se rétrécissent plutôt qu'augmenter en allant vers l'an 2,000 ...

Alors, nous ne pouvons pas avoir une politique à ce moment-là d'agriculture en pleine expansion comme si les marchés étaient là avides de recevoir nos biens, alors que les marchés extérieurs sont protégés parce qu'ils ne veulent pas ... ils veulent eux-mêmes produire leurs aliments.

Tous les pays du monde, sans exception, ont comme objectif l'auto-suffisance alimentaire, puis c'est le bon sens. Quel pays au monde voudrait dépendre de son alimentaire alors qu'il sait qu'à chaque année ses gens vont consommer pour tant de dollars? A ce moment-là il devrait importer.

Tous les pays visent à produire le plus possible leurs aliments, puis c'est normal. On ne peut pas ne pas tenir compte de ces données-là.

Une autre cause de l'échec des interventions fédérales en agriculture est, selon nous, l'absence de coordination entre les différents ministères impliqués. Cette absence de coordination qui, parfois, mène à l'incohérence est manifeste dans tous les grands dossiers agricoles.

Le développement de l'agriculture est d'une importance majeure pour l'économie canadienne. Ce secteur connaît présentement des problèmes sérieux et les défis qui nous attendent sont multiples et interdépendants: la libéra-

lisation des échanges, le financement des entreprises et la stabilisation des revenus agricoles suscitent notamment de grandes inquiétudes dans le milieu agro-alimentaire.

Dans le but de bien cerner les problèmes et d'identifier les solutions appropriées, le ministère fédéral de l'Agriculture a proposé récemment aux provinces d'entreprendre une démarche conjointe et a, à cet égard, suggéré un programme de travail.

Le gouvernement du Québec est tout à fait disposé à collaborer avec les autres provinces et le gouvernement fédéral dans ce domaine qui relève de la responsabilité des deux ordres de gouvernement.

Toutefois, plusieurs questions importantes qui intéressent le Québec devraient être incluses au mandat proposé dont plusieurs sont sous la responsabilité d'autres ministères fédéraux que le ministère de l'Agriculture.

Les négociations ont eu lieu depuis plusieurs années sur la stabilisation des prix agricoles et le gouvernement fédéral amendait en juin dernier sa loi lui permettant de verser des subventions aux producteurs pour proposer des programmes tripartites de stabilisation des revenus qui impliqueraient la disparition des programmes québécois qui ont été établis en consultation avec les producteurs de chez nous.

Les mesures envisagées, en plus d'être insatisfaisantes pour l'agriculture québécoise, contiennent des modalités différentes de celles prévues dans la loi sur la stabilisation des grains de l'ouest.

La loi C-25 modifiant la loi sur la stabilisation des prix agricoles qui a été sanctionnée en juin 1985 relève bien du ministre canadien de l'Agriculture.

Par contre, l'application de la loi sur la stabilisation concernant les céréales de l'ouest relève, elle, du ministre responsable de la Commission canadienne du blé.

C'est déjà chose faite que les agriculteurs canadiens ne sont pas tous traités sur le même pied. L'équité, ce principe fondamental qui devrait présider en toute intervention fédérale, n'est pas respectée et nous avons actuellement, avec des lois qui dépendent de deux ministres différents, deux régimes de stabilisation en train de s'établir au Canada, un dans lequel le gouvernement fédéral paie 75 pour cent et un dans lequel il paie le tiers. Nous sommes dans celui dans lequel il veut payer

le tiers, un dans lequel il va subventionner ou stabiliser les exportations, un autre dans lequel il ne stabilisera pas les exportations, un dans lequel les coûts de production vont être calculés sur une base régionale, un autre dans lequel les coûts de production vont être calculés sur une base nationale, ce qui veut dire qu'avec deux des lois qui dépendent de deux ministres différents on est en train d'établir par les politiques fédérales deux régimes au Canada, un régime d'agriculture de l'ouest et un régime pour l'agriculture de l'est.

Vous savez que les agriculteurs s'étaient battus longtemps pour en arriver à un régime d'équité et actuellement l'orientation -- depuis quelques années l'orientation qui est prise va dans une perspective de créer deux régimes complètement différents pour l'agriculture au Canada.

Un réexamen de la politique de stabilisation des prix et des revenus agricoles s'impose de toute évidence. La révision de la loi sur le transport des grains de l'ouest qui est en cours suite au rapport du comité d'enquête sur le versement de la subvention du Nid du corbeau peut avoir des conséquences graves pour l'industrie agro-alimentaire au Québec et dans l'est du Canada.

Un sujet d'une telle importance ne peut être écarté du mandat que l'on compte confier au ministre de l'Agriculture.

L'implication sur l'ensemble de l'économie canadienne de la révision de la loi sur le transport des grains de l'ouest doit donc être étudiée. On ne peut pas regarder une politique agricole d'ensemble sans que cette loi, qui dépend, encore là, d'un autre ministre, du ministre des Transports, qui

verse plus de subventions dans l'agriculture que le ministre de l'Agriculture du Canada... il y a quelque chose quand même qui ne marche pas là.

Le milieu agricole du Québec suit de très près et avec une certaine appréhension l'évolution du dossier pour la libéralisation des échanges avec les Etats-Unis.

La Commission MacDonald a, à cet égard, contribué à entretenir les craintes puisqu'en plus de prôner le libre échange elle suggère l'abolition des offices nationaux de commercialisation existants qui, au Québec, dans les productions touchées par les offices de commercialisation, ont généré 47 pour cent des recettes monétaires agricoles en 1984.

Vous comprenez qu'un rapport qui veut faire disparaître le régime de commercialisation qui touche presque la moitié des revenus des cultivateurs laisse entrevoir des bouleversements que les gens ne sont pas prêts à accepter de cette façon-là.

Je précise donc que, pour que la question du libre échange en agriculture soit étudiée par les ministres de l'Agriculture du Canada, y compris la possibilité d'accorder un traitement particulier à ce secteur dans une négociation à venir avec les Etats-Unis ...

D'ailleurs, si on regarde dans le marché commun européen, il y a également une politique particulière pour l'agriculture. Dans une perspective de négociation ou de libre échange avec les Etats-Unis, je pense que le secteur agricole devrait être un secteur à part où les négociations devraient être particulières parce qu'on est dans deux types d'économies complètement différentes et je pense que dans l'établissement

d'un marché commun européen les Européens ont eu la sagesse d'avoir une politique agricole européenne à part et je pense que ça nous sert aussi d'avoir une négociation particulière pour le secteur agro-alimentaire.

L'évolution des dépenses fédérales au Québec en agriculture nous indique qu'il y a eu une forte régression depuis un certain nombre d'années. Dans le contexte d'exemples, pour 17.8 pour cent du total en 1970-71, soit \$94.5 millions, contre \$10.9 millions en 1982-83, soit \$248.5 millions.

Pendant ce temps, la part des provinces des prairies affectées principalement au secteur céréalier est passée de 29.4 pour cent, soit \$155.8 millions, à 46.3 pour cent, à un milliard 58 millions.

J'estime que les ministres de l'Agriculture devraient examiner cette question ainsi que l'évolution structurelle de l'agriculture canadienne compte tenu du resserrement des marchés internationaux dans plusieurs productions, dont les céréales et les viandes rouges.

Je me demande si je vais dire un mot au niveau du secteur des pêches. L'agriculture, je suis convaincu -- ça fait plusieurs années que je suis dans ce secteur-là, neuf ans -- que si on ne se pose pas les bonnes questions à la base toutes les solutions vont être... il n'y en aura pas de solution. On va tourner en rond.

Je trouve sympathique qu'on dise que les autres subventionnent beaucoup leur agriculture, mais depuis ce matin ce que j'ai entendu c'est des demandes de subventions additionnelles et je pense que l'agriculture canadienne est, elle aussi, beaucoup subventionnée.

Il va falloir admettre ça, pas seulement penser que les autres sont beaucoup subventionnés, mais l'agriculture canadienne est fortement subventionnée aussi, et je pense qu'il faudrait commencer par là, additionner véritablement nos subventions, pas seulement à partir du ministère de l'Agriculture du Canada mais à partir du ministère de l'Agriculture du Canada, du ministère des Transports du Canada, du ministère responsable de la Commission canadienne du blé, énoncer les différents types de subventions qu'on met pour voir à quel niveau réel de subventions on est rendu.

Et quelle est la situation dans les différentes provinces, parce que des fois on reproche aux provinces d'être embarquées dans des politiques de subventions, parfois elles n'avaient pas le choix pour maintenir des avantages égaux entre les différentes parties du Canada parce que s'il y a des parties du Canada qui sont plus subventionnées que d'autres, il faut qu'il y ait une compensation pour maintenir une sorte de système d'équité.

Dans le secteur des pêches, la situation est différente. L'industrie canadienne des pêches est dans une situation précaire malgré l'augmentation des débarquements de la fin des années 1970 et au début des années 1980.

Les prix aux pêcheurs comme aux usines sont restés bas, alors que les coûts n'ont cessé d'augmenter. Au mieux la rentabilité de la flotte est marginale, l'emploi reste problématique et fractionné, la subordination de tout le secteur au régime d'assurance-chômage réduit sa productivité. Nos investissements, eux aussi, sont conditionnés dans une large part à l'aide de l'état qui, pour simplement assurer la survie de certaines entreprises, a dû intervenir massivement.

D'un autre côté, notre plus gros marché, l'Union européenne, manifeste son protectionnisme face à certains de nos produits de la pêche alors que la libéralisation des efforts avec ce pays fait l'objet d'un débat.

Le système actuel de répartition de la ressource commune entraîne la compétition entre les provinces. Ce phénomène a amené en place une surcapacité de pêches et de transformations alors qu'on constate un plafonnement de la biomasse disponible.

Ces faits nous dictent dans la région maritime, c'est-à-dire dans l'Est du Canada, que nous devons travailler avec la ressource que l'on a, et rechercher résolument la rentabilité davantage par une augmentation de la valeur ajoutée que par une augmentation de la capture. Je sais que dans les débats on parle beaucoup -- vous en avez dit un mot, monsieur le Président, monsieur le Premier ministre -- du commerce extérieur et de la stabilisation des revenus. Pour ma part, je ne pense pas que nous puissions aborder ces questions-là avant d'aborder d'abord le problème du contrôle de la qualité, parce que si on ne contrôle pas la qualité on va stabiliser un produit de deuxième ou de troisième ordre, parce qu'on ne peut pas stabiliser autre chose qu'un produit de première qualité. Si les revenus sont trop bas parfois c'est parce qu'on ne vend pas un produit de première qualité et si on va sur les marchés comme les marchés de Boston, on se rend compte que l'Islande et le Danemark obtiennent des meilleurs prix que les produits canadiens.

Pourquoi? Parce qu'ils sont considérés de meilleure qualité. J'ai vu souvent sur le marché de Boston le poisson d'Islande à 1,65\$ la livre quand le poisson canadien est à 1,15\$ ou 1,20\$. Je suis allé vérifier sur place en visitant les entreprises et ça ne prend pas beaucoup de discussions parce qu'après avoir vu, comparé les produits, vous comprenez pourquoi ils paient ce prix-là.

Si on ne contrôle pas la qualité au Canada, dans l'Est du Canada, du poisson -- je suis moins familier avec celui de l'Ouest -- je ne pense pas qu'on puisse véritablement établir un régime de stabilité des prix parce que sur quel prix va-t-on stabiliser? A un prix pour du poisson de qualité inférieure ou

à un prix pour du poisson de qualité supérieure: Je suis convaincu, moi, qu'il faut d'abord commencer par mettre sur pied un véritable système d'inspection. Et ça ce n'est pas une question de parti actuellement -- et je ne voudrais pas que vous pensiez--moi, ça fait des années que je parle de ces questions-là. Ça ne fait pas un an, deux ans; ça fait des années et je ne voudrais pas que le parti actuellement en fonction à Ottawa sente qu'il est responsable. Le système d'inspection au Canada n'est pas bon et puis moi je l'ai toujours connu comme pas bon.-- et ça fait quelques années que je suis là. -- à tel point qu'on a décidé de mettre en place notre propre système d'inspection pour être plus rigoureux sur le plan du contrôle de la qualité parce que ce n'est pas facile de contrôler la qualité.

Dans ce contexte de valorisation de la valeur ajoutée, Québec et ses partenaires ont relevé résolument le défi de la qualité en mettant de l'avant, depuis 1981, des initiatives orientées à la fois vers la flotte et l'industrie de la transformation.

C'est aux défis de la commercialisation et de la productivité qu'aujourd'hui nous devons nous attaquer parce qu'il y a deux façons de faire de l'argent. Vendre deux livres de poissons à 1,00 \$, on fera 2,00 \$ et si on vend une livre de poissons à 2,00 \$ parce qu'il est meilleur, on fait encore 2,00 \$.

Souvent les coûts de production sont moins élevés à faire une livre à 2,00 \$ que deux livres à 1,00 \$ et ça coûte souvent moins cher, pas souvent, ça coûte toujours moins cher en fonds publics de produire une livre à 2,00 \$ que deux livres à 1,00 \$ parce que les cultivateurs ont appris depuis longtemps

qu'une vache qui produit 5,000 livres de lait mange autant de foin qu'une vache qui produit 10,000 livres de lait, mais il y a plus de profit dans une vache qui produit 10,000 livres de lait que dans une vache qui en produit 5,000.

C'est la même chose dans le secteur des pêches et je pense qu'il faut arrêter de concevoir les pêches canadiennes comme des questions biologiques. Ce n'est pas un problème de migration de poissons -- il y en a des problèmes, mais ce n'est pas un problème à la base de migration du poisson. Ce n'est pas à la base un problème également de mue du homard.

Essentiellement, ce sont des problèmes de gestion administrative avec des rapports d'affaires: revenus/dépenses et profits à la fin de l'année et il y a également des problèmes de contrôle de la qualité.

Maintenant, il y a le fait que toutes les juridictions dans le secteur des pêches sont entremêlées de telle façon que la direction, la gestion devient difficile et j'ai entendu monsieur Peckford en dire un mot et il a raison là-dessus.

C'est pourquoi dans l'avenir nous proposons que le développement du secteur des pêches vise deux objectifs: premièrement, obtenir le meilleur revenu des marchés et, deuxièmement, améliorer substantiellement la productivité.

Pour atteindre ces objectifs, il est urgent à notre avis, premièrement, de définir les critères précis d'allocations provinciales de la ressource halieutique commune et les critères d'allocations entre les provinces de la ressource.

Dans le cadre constitutionnel où le gouvernement fédéral a l'autorité sur la gestion de la ressource, je pense en coordination qu'il est possible de trouver des moyens d'établir quelle va être l'allocation de chacune des provinces.

Deuxièmement, donner aux provinces une voix décisive dans la répartition intraprovinciale, à l'intérieur de la province, une allocation afin de synchroniser les besoins de développement des régions et les investissements en fonction d'objectifs de valeur ajoutée, plus grande, et du respect des plus hauts standards de qualité.

Autrement, c'est la course entre les usines pour prendre le poisson le plus rapidement possible au printemps, tandis que si on faisait véritablement -- à un moment donné le ministère des Pêches a voulu le faire mais il ne l'a pas fait. Ottawa voulait limiter l'agriculture, mais il n'a pas limité l'agriculture.

Un producteur de lait qui a un quota de 500,000 livres de lait peut répartir sa façon dont il va le produire. La province qui a un quota et qu'on négocie chaque année dans le domaine de l'acier, un quota pour l'ensemble du Canada et chacune des provinces, ensuite la province peut dégager des quotas intraprovinciaux entre ses producteurs de façon la plus efficace possible.

Je pense qu'il n'est pas nécessaire de déterminer, par exemple, qu'à Terre-Neuve un pêcheur doit avoir un million de livres, c'est-à-dire que ça peut être différent d'une province à l'autre.

Si Terre-Neuve dit: "j'aime mieux avoir des petits pêcheurs" et la Nouvelle-Ecosse aime mieux avoir de gros pêcheurs puis, nous, des pêcheurs moyens, si nous sommes à l'intérieur de notre quota, ça ne fait mal à personne et on aurait une meilleure gestion de la ressource si ces quotas étaient affectés par la province qui a juridiction par rapport aux entreprises.

Actuellement, nous n'avons pas de prise sur les quotas et nous ne sommes pas capables d'avoir une gestion efficace au niveau des entreprises, tandis que si le quota global, en fonction des responsabilités du gouvernement fédéral, était établi, ensuite qu'on négocie une répartition équitable entre chacune des provinces et que chaque province ait la possibilité d'affecter ce quota à l'intérieur de sa province de la façon dont elle le veut, il pourrait y avoir des systèmes de pêche différents d'une province à l'autre en fonction du type de population, du type de région qui seraient différents, mais l'allocation intérieure pourrait être beaucoup plus efficace que d'essayer de faire les deux au niveau fédéral, alors que le fédéral n'a pas juridiction lorsque le poisson arrive à terre.

Troisièmement, reconnaître la responsabilité prépondérante de la province dans l'élaboration du développement socio-économique du secteur des pêches et mettre de l'avant des mécanismes bilatéraux de concertation et de coordination.

Quatrièmement, préciser de façon claire et précise le rôle de nos deux niveaux de gouvernement.

Dans le secteur des pêches, il m'apparaît évident, et il est évident aussi pour vous, monsieur le Premier ministre puisque vous êtes avocat, qu'il y a autant de responsabilités au niveau des juridictions fédérales et des provinces; le Canada est un peu dans la même situation par rapport à l'Europe et chacune des provinces est un peu dans une situation comme celle des pays européens par rapport au gouvernement fédéral.

On pourrait avec un conseil des pêches de l'Est du Canada ou de l'Atlantique, avec une gestion en fonction des responsabilités constitutionnelles, et en même temps à l'intérieur d'un cadre à l'intérieur de chacune des provinces faire ce qu'on veut avec notre poisson. Si on veut faire du poisson salé, on peut faire du poisson salé. Si on veut faire du poisson de telle façon ou valoriser des usines qui ont la plus grande valeur ajoutée, qu'on puisse le faire.

Dans le domaine agricole, on peut le faire et il y a une gestion d'allocation des ressources qui est beaucoup plus efficace. Si dans le secteur des pêches on voulait laisser plus de responsabilités aux provinces pour faire cette allocation, si une province veut avoir un bateau-usine qui va prendre la place de 500 pêcheurs, elle pourrait le faire. L'autre, qui préfère avoir 500 pêcheurs pour un meilleur contrôle de la réception du poisson, ça peut être aussi efficace.

Il n'y a pas d'efficacité au point de vue de la qualité dans tel type de bateau ou dans tel autre type de bateau. Il y a un système de contrôle et c'est là qu'est la solution.

À ce moment-là, on pourrait avoir un développement qui serait harmonieux pour l'ensemble et qui serait aussi

appliqué, adapté à chacune des régions des provinces maritimes et, là-dedans, le Québec est une province maritime aussi.

Je vous remercie.

LE PRÉSIDENT: Merci, monsieur Garon. Votre exposé est très compréhensif et fort intéressant et à point de nos problèmes dans les deux domaines.

Nous allons, collègues, ajourner jusqu'à 11h00, nous allons reprendre à ce moment-là pour terminer l'agriculture et les pêches et nous allons aborder le dossier du commerce extérieur immédiatement après et nous allons entendre évidemment tous les intervenants qui cherchent à faire valoir leurs points de vue.

We will adjourn now and regroup at 11:00 to conclude on the fishery and agriculture and then make sure that we move right into international trade.

THE CHAIRMAN: May we begin, please?

We are going to continue our discussions in regard to agriculture and the fishery. I have a request for speakers, and I see that one of the speakers is momentarily detained.

On s'est entendu de maintenir nos discussions dans le domaine de l'agriculture et le secteur des pêches dans l'espoir de terminer le ou vers midi, quitte à toucher immédiatement après la question du commerce international, de revenir immédiatement après le déjeuner pour discuter des deux autres items, si je ne m'abuse, qui nous restent sur l'agenda, des questions des plus importantes.

MONSIEUR JEAN GARON: J'espère, monsieur le Premier ministre, que nous aurons suffisamment de temps pour discuter la condition féminine qui est à l'agenda présentement.

LE PRESIDENT: C'est pour ça qu'on essaie de comprimer quelque peu nos discussions ce matin pour toucher cette question vitale immédiatement après le déjeuner, la condition féminine ça sera l'item principal de cet après-midi.

May I turn now to Premier Getty, please.

HON. DON R. GETTY: Thank you, Mr. Prime Minister.

By addressing agriculture and fisheries on our agenda in the way we have, I think we, as the nation's leaders, are acknowledging the serious problems that face our farmers, our ranchers, our fishermen and our food processors.

As others have done today, we are going to file a paper. I know, with the pressure on us to move on our agenda, it would not be helpful to present it in full. I think, in these discussions, it is better to just touch on some highlights, and that is what I am going to try to do so that we can move along.

This is an important agenda item for Alberta, probably the most important.

I am encouraged to hear the Prime Minister this morning in his opening comments use the word 'pledge' twice. Knowing you, Prime Minister, that is really important because I know that you intend to stay behind something which you make a pledge to. Your pledge to work with us to make agriculture a high priority is very, very important. We will continue to remind you of it, but, as I said, I do not think it is going to be necessary when you make the pledge as you have.

I want to congratulate Premier Devine on the comments which he made today. So many of them are points that we would make and, rather than duplicate them, I endorse the things that Premier Devine said. The concern that Premier Devine has expressed and that others, Québec and you, Mr. Prime Minister, have expressed, give me some optimism that, with this concern, it is a mutual concern and, therefore, I feel the optimism that we are going to be able, driven by that concern, to reach an agreement on collective action, that we will be able to impact

on the problems facing agriculture.

That action would have a positive impact, I am sure, because agriculture is throughout our nation in all regions of Canada.

I know, though, that calling for a national policy is one thing. Doing it is quite another and being able to come up with one. Our regions are so diverse, and the conditions change so rapidly, that there is extra pressure, obviously, on the federal government and extra pressure on your Minister of Agriculture to understand the needs of the various regions and then, even, the provinces.

I am going to urge you that, as we go into developing a national policy, we do it with the full understanding of the kind of flexibility that is needed in a national policy on agriculture. It almost cannot be one policy because we are so different in our regions, and we are really going to build in such a degree of flexibility, but I think it is necessary. If we go in looking at it that way, I think we can probably do it.

Then, of course, it has to be applied with a great deal of sensitivity. My discussions with my Minister of Agriculture, Mr. Fjordbotten, is that we are starting off very well and I want to congratulate Mr. Wise on the degree of consultation and interest and attempts to understand Alberta's position that he has shown so far. We feel that, with that kind of co-operation continuing, we will be able to come up with the kind of solutions that we need.

Agriculture is the foundation on which Alberta was built and that is why it is so important to us. It is the main influence in our rural communities. The family farm is at the heart of rural Alberta.

We keep hearing about the demise of the family farm. We do not accept it. We are going to keep it as the heart of Alberta. While, though, these are families, they are still businesses and in many cases, husbands and wives running that business in a very important industry and we find they do it really well and, with a fair chance, they can always solve their problems if we are helping them.

Our challenge here in developing policies is to just give them that fair chance. An example of what they have been doing is as follows:

With only 9 percent of Canada's population, Alberta accounts for 25 percent of Canada's food production and 21 percent of the nation's agriculture and food exports. These are built on certain significant strengths. We have abundant land, soil and water resources. We have these thousands, tens of thousands, of owner-operated businesses, the family farms that I referred to and they produce high-quality, marketable products and they have efficient, productive operations.

So we are going to find in Alberta that our

solutions are built on those strengths and when we are looking for experts, the experts are the people in the industry, the real experts are those out in the farms and over the last little while, I have been participating in a leadership campaign. That meant hundreds of meetings. We have 79 constituencies in our province and I made all 79 of those, but it also brought to my attention as I went through rural Alberta the tremendous storehouse of knowledge that the people who are out there in the farms and ranches, they are the ones who are the experts and that is where we are going to get the real knowledge and information that we are going to need to develop these policies we are talking about.

Therefore, liaison is so important. It has to go back and forth between us. We will need their advice.

So I just want to confirm that Alberta strongly supports the need for a truly national agricultural policy but remember the flexibility that we must have, and if we go in that way, I think we are going to be able to come up with one and we must build that policy on strength.

I have reviewed and we endorse the joint paper prepared by our Agriculture Ministers, Challenges Facing the Agriculture Sector. I support the information in the paper and I support the process which they propose for action.

I would like, also, to talk just briefly about Alberta's priorities. I have said this provincially; I want to say it nationally: Alberta is shifting priorities. Probably for too long, but at least for ten years, Alberta's, in the image of people throughout Canada, number one priority seems to have been energy and I was part of that in the past and it was important. But we are shifting our priorities and to some extent, you have assisted in our ability to shift our priorities, Mr. Prime Minister,

because we have been able, with co-operation from you and your Energy Minister and hard work by the Energy Ministers of British Columbia and Saskatchewan and Alberta, we have been able to put some stability into the energy industry and while we needed to put so much emphasis on it in the past, I think, if we keep working in a co-operative way, based on the agreements we have reached, that stability is there and, therefore, Alberta is shifting its priority and the number one priority is agriculture.

We have probably been preoccupied so much with energy that we have taken too long to shift to agriculture but the shift has been made and you will find that, where we used to be flying around to energy meetings and things like as a province, we will now, you will find, be spending our time working on our agriculture industry. We have these two foundations in our province -- one is energy as I have said, and we are not going to ignore it, it is too important to Alberta and Canada -- but we are going to be putting our time and effort in agriculture. I want to emphasize that over and over again.

We know that when you are trying to work on a national policy there are so many components that sometimes in trying to get them all under control and agreed on that you never make a great deal of progress. So we think that we should isolate out some that are most important to deal with early. Therefore, we are going to highlight in Alberta and put our emphasis with your Minister on two areas that I think desperately need our help.

The first is a long term disaster contingency plan and we think that should be done through a strong and restructured crop insurance program. I always thought when I heard people talking about crop insurance and stability programs that all the years that they have been talking about them, they must have one that works. Well, we have now had the disaster. We had the disaster of successive years of drought, we have had that followed by the problems of grasshoppers, the problems of frost and rain and snow and going about and talking to our ranchers and our farmers the support, the safety net if you like, just was not there. I think we have been fooling ourselves when we have been talking about it.

After all these years to find it is not there, I think, is pretty disconcerting and we cannot wait, we must put it in place. So that is going to be our number one priority. To work with you, put in place a long term disaster contingency plan.

The second is the one which Premier Devine put so much attention on this morning and did it very well and I will not take more time except to confirm that it is our second priority and that is farm financing. It is a tough one. It is tremendously tough but we are going to have to do it. We are going to have to come up with innovative programs that increase, for instance, the equity in farms and we must provide long-term credit at fixed rates of interest.

In Alberta, through our heritage fund, over the years we have actually lent money at 10, 15, 20, 25 years all over Alberta but upon checking I find the one place we have not lent that long-term money is to our own agriculture industry. Well, that is going to change. I think it is such a major input cost and interest on that money is so important that we must provide the long-term fixed rate funding.

Now, the wrong time to start worrying about interest rates is when they get to 20 and 22 per cent and you start running around saying, well, let us try and shelter our people from a 22 or 20 per cent interest rate. It is hardly the time to start to pay attention to it. The time to pay attention to it is when we can tie down some now, perhaps at low rates, long term money at low rates. That is what we are going to be urging you to do with us, is establish this long-term fixed rate of financing.

We will do it alone in Alberta if necessary but we think it should be done jointly. I find when we have these problems in agriculture nobody fights for the jurisdiction as they have in energy and other areas. Everybody says, listen, you could almost take it, but obviously we both have responsibilities and you will not find us arguing about the responsibilities as long as we are both working together to help the people who need the help. So our number one priority is the disaster contingency plan; second, the long-term interest costs.

I might say that the other large input cost, and Premier Devine talked about that today, is the energy costs. We have been able to deal with that, as he has. Last week we increased our shelter to 14 cents a litre. I am not converted yet so I always like to check with Mr. Fjordbotten on what that really

means and it is 64 cents a gallon and that is a major shelter which we are providing to our agriculture producers.

I raise those as our priorities but in saying them I do not want anyone to think that they are all the things we have to deal with. But in order to move along in our agenda I will just talk on a few others.

We want the change in the method of payment of the Crow benefit. I know that is difficult when you have different interests expressed throughout the nation. We will propose, and we hope it is possible, that those provinces who want to take it for their producers are allowed to do so. And those provinces who want it paid to the railways should be allowed to do so.

I raised this with the Prime Minister when we had a brief meeting in Edmonton. Neither one of us knew whether it was possible. But I think we should see whether we can do it. It would allow a kind of flexibility that I say is necessary rather than saying there is one way to do it across Canada. Here is a perfect example of the kind of flexibility we need.

Another very important item and it is one we are spending lots of time with and I will not go into it too much now, is trade markets. I know Mr. Wise would know and I know Mr. Fjordbotten knows that when you meet with farmers it is almost impossible to get them to agree on very many things, but one they agree on is markets. They need more markets. They know how important trade is and they know how important our initiatives to establish long-term markets on an assured basis with our neighbour to the United States are. Of course, as we work on these things we are also going to be making sure that we are able to trade throughout the world. That is going to be a thrust that will be so important to our agricultural producers because I think

they are so efficient that they are able to constantly expand their produce. They have to have markets and they have to be able to count on the markets.

Another thing that we will be working on with you is the red meat stabilization plan. We would like to see all provinces participate in that. I know you have heard from us that we are a little hesitant about it. Not that we do not like the plan. The plan looks pretty good to us and we need it but we are uneasy about signing it and by signing it, losing our ability if others do not sign it, then damage our producers by actions they take, that we have somehow locked ourselves into an inability to respond, an inability to bring the weight of the various things that we might be able to bring to balance out the actions that are hurting us. That is something that will go on between our two governments on a bilateral basis in the future.

Transportation we all know is so important because if we establish the kind of markets that we are looking for -- the main thing that your customer wants to know is that you are going to be able to deliver it after you have grown it and have it in a position to ship it, that your transportation systems are going to be reliable, you can count on them to get the product to him. So it is critical to a land-lock province like us.

We know that research is extremely important. In a competitive, world-wide business like agriculture, you have to stay on top of new technology, and we are going to be putting substantial amounts of funds into that area.

Just in conclusion, I emphasize how important agriculture is. I do not have to do it to First Ministers, I guess. They know how important it is, but I want everybody to know that it is Alberta's number one priority. We strongly endorse the need for the national agriculture policy. It must be flexible.

You will find that you will not get our attention on energy as much as you used to, because it is going to be on agriculture. We will come to any meetings you would like to call, as we used to on energy matters. We will come, Mr. Prime Minister, at any time, to a meeting if it will help to develop the kind of agriculture policies that we are talking about. You can count on us.

The only other thing I would say, in wrapping up, is that there is, from my reading of it, a co-operation established here, and by even getting this on the agenda, a recognition of the importance. If we put those things together, if we recognize how important it is, you and I and other First Ministers here, and if we know how urgent it is, therefore, with the kind of co-operation that is being displayed, we can come up with the solutions. We should be able to work it out. I have the feeling that we can do it.

That is the kind of confidence that we should be displaying to the people in Canada, to our ranchers and our farmers. They have had, in some cases, a frustrating, hopeless feeling and anxiety about it. Are they ever really going to be able to solve

these problems? As Canadians, we can, because I believe you want to and we want to. We have put it as a priority. If we work together, we can do it.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Premier.

The next will be Premier Pawley, followed by Premier Lee.

HON. HOWARD PAWLEY: Thank you very much, Mr. Prime Minister.

Mr. Wise, I am pleased to see that agriculture is on this agenda. I believe that the fact that agriculture is on this agenda demonstrates quite clearly the elevated attention that Canadians must place on the fact that agriculture is in a serious position throughout Canada, and I am sure this is not only true in the West but, as well, in Ontario and the Atlantic Provinces.

I think it demonstrates that the family farmer in Canada is gravely concerned about his or her future.

Before proceeding with my remarks, Mr. Prime Minister, I would like to particularly say that I have been very pleased with the efforts on the part of your Minister of Agriculture, Mr. Wise, to work with us. I have found that he is readily available and co-operative to different proposals that we have made and I know that my Minister of Agriculture feels the same way.

I think, though, that it is extremely disappointing that the prominence of agriculture within the Canadian economy has not been fully and properly recognized over the years. As has been mentioned by other Premiers around this table, agriculture is the backbone of the economy and it certainly is in the province of Manitoba and next door, in Saskatchewan and in the province of Alberta, and even though the farmer is a vital part of the agro-food industry, it is amongst certainly Canada's largest and most dynamic components of our manufacturing and our processing industry.

Now, I would like to just say that our circumstances in Manitoba are a little different than the circumstances in Alberta and Saskatchewan and I would like to ensure that that is understood. I suppose, with the blessing of The Lord, we were saved from the drastic drought situation in Saskatchewan and in Alberta, but that did not mean that in Manitoba our farmers are in any better condition. They were confronted with the rain, with the early winter and the situation, cash-wise, is extremely grim for the average Manitoba farmer.

One in every four manufacturing jobs directly or indirectly depend on agriculture for their very existence. Agriculture products have been, and they continue to be, a prime earner of foreign exchange in so far as our exports are concerned and you will recall, during the 1970s, agriculture was a vibrant and a growing part of our industry. I certainly recall through that period us all looking with great expectation to the continued growth and development of the farm economy, the hope that existed throughout the early and the latter part of the 70s; agriculture was on the move, there was a feeling of expectancy amongst the farmers in general in the rural communities.

Mr. Prime Minister, I mentioned briefly yesterday, and I must do so again today, that I believe that the basic problem confronting western agriculture outside of the climatic problems that we have been faced with, in the last few months, must be placed squarely at the foot of the national monetary policy that exists in Canada.

I raised this with your predecessor, Prime Minister Trudeau, a number of years ago and the Governor of the Bank of Canada, Mr. Bouey. It is my view that the monetary policy that has inflicted interest rates of 18 percent and 20 percent and

higher upon the family farm has just placed unbelievable burdens on the ability of the family farmer to wrestle with continued survival on the family farm. I think that a discussion with respect to farm policy, without touching upon basic monetary policy--and I know that Premier Lougheed last February dealt with this as well--that we are only dealing with bandaids. Unless we are prepared to deal with monetary policy, the direction that we have followed in Canada in so far as Bank of Canada policy, farmers want stable interest rates, they want to know from year to year what to expect in so far as interest rates are concerned as do others within the Manitoba and the Canadian economies, but single digit interest rates are a necessity.

I think the very fact, Mr. Prime Minister, that the province of Saskatchewan, Alberta, the province of Manitoba have to be involved with interest rate relief, with subsidized interest on farm loans is an indictment of the monetary policy that exists in Canada as a whole. So I would ask that, in discussions in the future with respect to agriculture, it be kept in mind the detrimental role that monetary policy has played, particularly in so far as our farm population is concerned.

Mr. Prime Minister, I must regrettably, therefore, say, that because the monetary policy is at the root of the blow that has been delivered to farmers, then it must in turn be a principal responsibility of the federal government to deal with agricultural policy. Provincial governments will do what they can as per the announcements last week in Saskatchewan and in Alberta and in our own various programs that we have introduced in the province of Manitoba, in many ways programs beyond our provincial financial means to do so, that we must have leadership federally because it is that monetary policy that is at the root

of so many of the problems that are confronted by western farmers.

It is clear that, as I mentioned, provinces cannot do it alone. It requires a co-operative approach with principal leadership federally. The financial problems facing farmers just are too massive. It requires co-ordinated action and leadership. Together with the provinces and the private lenders, we can and we must turn the financial fortunes of our farmers around before there is irreparable damage that is done.

Mr. Prime Minister, I was out last week touring parts of the inter-lake region in Manitoba and there is fear there. There is fear in those small rural communities in the West, fear that I have never seen in the last two decades about what is the future of those communities. The cash flow is not there, the small merchants are worried. There is a de-population that is taking effect and if we have another year or two in Manitoba--and I am sure this is true in Alberta and Saskatchewan--as we have had recently, then those small communities are not going to be able to support the infrastructure that they presently have, an infrastructure that was built on expectation and hope that there was a future for agriculture in Canada.

So, number one, the basic prerequisite -- federal action -- is to reduce interest rates to the single digit levels. Nothing can be more effective in establishing a favourable climate than rates at those levels.

By so doing, both private and public lending institutions would have the capacity to refinance the farm sector with loans at manageable proportions.

Secondly, we must clearly establish federal leadership in the Farm Credit Corporation by restoring the Farm Credit Corporation to its rightful and legitimate role as the dominant credit agency, dominant to the various provincial credit agencies.

Your Minister of Agriculture has promised new and imaginative policies with respect to the Farm Credit Corporation. We ask by way of a question when we might see those answers, because it is important, involving futures, that we know soon as to what those proposals are going to be at the Farm Credit Corporation front.

I want to here express a grievance, Mr. Prime Minister, in so far as the Farm Credit Corporation is concerned. I think the Minister of Agriculture knows what my grievance is.

At the present time, Mr. Prime Minister, the Farm Credit Corporation is removing more money from Manitoba than is being invested in Manitoba, and my Minister of Agriculture advises me that that figure is in the amount of \$50 million this year, 1984-85.

I find that very, very difficult to comprehend, with the farm crisis the way it is, that \$50 million more is leaving the province of Manitoba than is coming into the province

of Manitoba by way of investment in the farm economy of our province.

Thirdly, a national operating loan guarantee program is required. In fact, those were key recommendations of the Task Force that was established last year dealing with farm credit. They were discussed by the Agricultural Ministers, I gather, at the Agricultural Conference on Farm Credit.

What has been the response? The response has been: well, the provinces must do more.

That is hardly the tone of leadership, Mr. Prime Minister, that I think the Canadian farmers are looking to. They expect stronger leadership than to say that the provinces must do more. I think there is leadership required on the part of the federal government.

Fourthly -- and I find this regrettable that we even have to talk in these terms -- given the critical nature financially of the farmers in the West, we need court arbitrated debt adjustment. That has been long called for and it is promised by your government.

I am sure I am not misunderstanding the commitments and the promises on the part of your government to proceed with court arbitrated debt adjustment.

Mr. Prime Minister, we cannot wait months and months with respect to that. Individual family farmers are now faced in a growing crisis at the individual level, and I would urge that immediate action be undertaken in order to ensure that there is the establishment of those court arbitrated debt adjustment boards.

It was promised last fall at the Agricultural Ministers' Conference, again this summer. We will wait the

necessary amendments to the Bankruptcy Act, the Insolvency Act, so that farmers that are in the most acute financial circumstances are going to ensure that they have an opportunity to arrive at a fair settlement with their lenders through court arbitration.

I believe that is the only way that we can deal with that immediate situation in so far as those family farmers that are in the most immediate critical situation.

Fifthly, Mr. Prime Minister, you mentioned in your statement -- and I must say that I applaud much of what is in your statement, but there is one area that gives me some concern, and it relates to the next item that I am going to discuss.

There is a reference in your statement to «our farmers and fishermen must compete with the world's best and, when possible, move ahead of the competition». We all agree with that.

To do this, the statement states: they must become more efficient.

Mr. Prime Minister, our farmers are the most efficient now that is possible. I would challenge any other group of producers to demonstrate they are more efficient than the farmers in Canada.

The problem is not a lack of efficiency. The problem on the part of the farmers at the present time is to produce, to be able to produce, to confront not only the climatic problems but the other problems that have been tossed in their way.

I do not believe that a 200 or 300 per cent improvement by way of efficiency on the part of farmers over

the next year is going to improve the agricultural crisis that we are faced with. The agricultural crisis is not because of a lack of efficiency. It is because of climatic and other market circumstances and monetary policy that has been inflicted upon the farmers of this country.

THE CHAIRMAN: Mr. Premier, if I may, just on that point, just so it is clear, I indicated to Premier Devine and referred to the fact that the agricultural sector has enhanced its productivity and competitiveness more than any other sector in Canada over the last 10, 15, 25 years. It has been the most productive element of our society. I did not mean that in any pejorative way in regard to farmers. What I was really referring to was our capacity to harness that technology and to get into those markets. That is all. I think farmers, as I have pointed out many times, have been -- farmers and fishermen in many ways -- the most productive members of our society, and we are trying to reward that productivity, not penalize it.

I apologize for the interruption. I think we are on the same wavelength.

HON. HOWARD PAWLEY: I am glad to hear that. There is the recognition that improved efficiency, itself, is not going to improve the individual lot at this time.

The point that I wanted to raise, because it deals with costs and is related to the question of efficiency and is one area that we have to move on, is the issue of farm chemical price increases. They are a major source of the cost-price squeeze facing farmers. I know, in going throughout the province of Manitoba and having community hall meetings on agriculture, about the second or third question that is usually delivered to me involves the high costs of chemical price increases. I am at a loss as to exactly what we are going to do about that. The propelling of those costs has imposed such an enormous burden, in the last few years especially, on the farmer. Aided by restrictive federal licensing practices, chemical companies can exercise, regrettably, a monopoly pricing during their excessive

long patent period.

Manitoba, again, repeats its call, as we have done earlier, for a full inquiry into farm chemical pricing so that full information disclosure can be obtained on the true costs of chemical development and production. Relaxed licensing procedures, shortened patent periods are vital to the easing of farm cost pressures due to high chemical prices.

In addition to the pressure that chemical prices are placing on farm costs, these chemicals are vital to any successful program of limited tillage and soil conservation.

Action is extremely important, as you mentioned just a few moments ago, Mr. Prime Minister, to the increasing of production on the part of the family farmer.

The danger is, with a rise in chemical prices, that farmers will not be using chemicals in the way they ought to be able to use them in order to increase production.

Finally, we must continue to improve agriculture's major safety net programs -- crop insurance and the Western Grain Stabilization Program. These programs are central to protecting farmers from the vagaries of weather and drought. I want to emphasize, Mr. Prime Minister, because Premier Devine has talked about the drought, and so has Premier Getty, that I want to add to that flood, because flood is just as damaging to the farmer as the drought circumstances, and we have had more than our share of farmers who, this year, are in critical conditions because of flood circumstances. In fact, the portion of Manitoba affected by drought is very, very tiny, but the areas covered by flood damage are quite extensive.

Let us not see a weakening on the part of the federal government to these programs.

Manitoba has made recommendations to improve the sensitivity of the Western Grain Stabilization Program. I hope, Mr. Prime Minister, and I feel that your Minister of Agriculture will do this and will proceed with amendments to the Western Grain Stabilization Act in this session -- not next session, but in this session. It is long overdue. We passed a resolution two years ago unanimously in our legislature, with a lot of very fine, specific proposals for amendments to the Western Grain Stabilization Act. Every member in the legislature approved it, so it is a non-partisan issue at the provincial level. I do not believe there is any need for us to wait any longer. I hope those amendments come forward in this session, Western Grain Stabilization Act amendments.

Also, I am worried about the crop insurance program, because we are partners. You can see the results of the improved coverage for farmers of Manitoba, of changes that we made last year. In fact, our provincial changes have improved the benefits to the farmers by some 50 per cent throughout the province of Manitoba. We are very happy about that, because I think we have to improve and upgrade our crop insurance programs.

Next year, all Manitoba livestock farmers will benefit also from the Livestock Feed Security Program, and I can commend Mr. Wise for working with my Minister to ensure that that program will be implemented. It is going to be of importance in the long-term stabilization in that area.

Mention has been made about the National Disaster Assistance Program by some of my Colleagues around the table. We have no difficulty with this program in principle; I want to make that very clear. We are prepared to discuss it further provided it does not destroy the ongoing integrity of our

stabilization programs such as crop insurance and Western Grain and, two, that the federal government is prepared to put new money into the program.

I say this because I am also aware that your government wishes to reduce your commitment to crop insurance -- one, to renegotiate its cost-sharing arrangements. You now want us to split your share of program premiums. This would mean a \$65 million per year federal reduction in all crop insurance programs. In Manitoba, this would result in a \$5.5 million federal cost being transferred to the province per year. With reference to the Disaster Program, I want to make sure that we are not offloading in respect to our crop insurance programs, that we maintain intact the basis of those to ensure that we continue the existing partnership in regard to the crop insurance programs.

If, indeed, that is to be the case, then we can have none of it, Mr. Prime Minister, because it is so critical on the crop insurance level.

I will leave that with you.

On trade, markets for agricultural products now represent a major deterrent to rapid farm financial recovery.

As we enter the United States on enhanced trade, let us focus on those non-tariff barriers that have occurred which serve as an obstacle to stable and sustained trade relations. The disruptive effect that those quasi-tariff or whatever we call them restrictions in regard to the importation of hogs into the United States has had an extremely detrimental effect on our pork producers in the province of Manitoba.

We also call for an exclusion of those structures which afford consumers a stable, reliable supply of food in the form of supply management production systems.

In the area of market expansion, your administration saw fit to eliminate Canagrex but you also, at the same time, promised a new market expansion program to fill the void that was left by the elimination of Canagrex and we await with interest that program. I hope there will be an early announcement in that regard.

On resource base sustainability, we are vitally concerned about the long-term productivity of agricultural land, our most valuable natural resource. In Manitoba, the Federal Provincial Agro-food Agreement represents a useful supplement to ongoing provincial efforts in this area but much more must be done.

No one is more aware of the deteriorating state of the farmland than the farmer himself. Yet, given the present circumstances, he is in no position to do anything about it.

As you know, Mr. Prime Minister, there is a direct connection between the acute farm financial situation and the farmers' ability to adopt soil and water conservation measures. Conservation, to be fully effective, requires investment by the farmer. If incomes are low, there are simply no savings to invest in soil and water conservation.

Again, I come back to the fact that we will fail to maintain not only the long-term viability of farmers but also long-term productivity of his land, if the farmer is not able, financially, to ensure that he undertakes that important initiative himself to prove soil and water.

I repeat: High agricultural chemical prices act as a deterrent to accelerated soil conservation measures. They aggravate farm costs increases, reduce net farm income eating into the little bit of equity that the farmer has left and probably most critical for the long-term, stifle conservation measures.

In conclusion, on agricultural development, in a competitive market environment, it is essential that we maintain farm productivity. Over past decades, both federal and provincial governments have made substantial commitments to research, technology transfer on a co-ordinated basis. However, information made available to Agriculture Ministers clearly demonstrates the federal commitment to this effort has, unfortunately, weakened in recent years and before the time of your administration, Mr. Prime Minister, during the previous administration, so I am not simply hounding you again on cost-sharing, because it pre-dates your period.

In 1970/71, the federal government contributed 71 percent of all government expenditures on agriculture. In 1981, that commitment fell to 59 percent, even though the growth in total government expenditures kept pace with the growth in agricultural output.

If that trend continues, the industry knows the sad financial state of your research program. Recent cuts in Agriculture Canada's budget, attempted cost transfers, is going to continue to erode the commitment to agricultural development.

We, therefore, call upon your government to renew its commitment to agriculture research and development, so that our country does not fall behind in respect to its competitors within the world market on the trade scene.

In closing, Mr. Chairman, I again call for leadership on these pressing issues confronting the agricultural industry. I have three very specific questions that I would like to have answered, if it is possible, because they are certainly creating concern.

The first one was the one I mentioned with regard to bankruptcy and insolvency legislation. We mentioned that a few moments ago and the possibility of early legislation. It is going to be a long, difficult winter for farmers.

Secondly, I would like to get assurance, as I raised yesterday, that the Canadian Wheat Board proposal to double freight rates east to the seaboard will not proceed. This is certainly the worst of all years for an impact like that on the Manitoba and eastern Saskatchewan farmers to take place. The money just is not there to double the transportation costs and yet, the Wheat Board has made such an announcement to the Manitoba Wheat Pool that it is their intention to bring forth legislation.

I would like, also, a commitment that we cease any effort at this time to transfer crop insurance costs from the federal to the provincial government.

Just one comment in respect to fishing, because Mr. Siddons, I am pleased to see, is here and I welcome him to the new portfolio: The Fresh Water Fish Marketing Board, our fishermen have not had an easy time and I know that Mr. Siddons made references to the Fresh Water Fish Marketing Board and expressed concern. Many others have and fishermen in our province

have been expressing concern about the Fresh Water Fish Marketing Board.

I believe that rather, though, than get rid of the Board--because I am a little worried that that thinking could lead to getting rid of the Board; I think that would be throwing the baby out with the bath water--I would say to you, Mr. Prime Minister, and to your Minister, that we would like to work to improve that Board, to improve its efficiency, to ensure that it is rational, that it meets the needs of the Manitoba fishermen, and I would like to offer full support to any inquiry as to how we can improve the operations of the Fresh Water Fish Marketing Board, as same serves both, I believe, Saskatchewan and the Northwest Territories, Ontario and the province of Manitoba.

Thank you, Prime Minister.

THE CHAIRMAN: Thank you, Mr. Premier. We are running against fairly serious time frames. I would ask Colleagues, if they can, given the agenda that we have for this afternoon, a very important one beginning with la condition féminine, comme le soulignait le Vice-premier ministre du Québec.

Je demanderais à tout le monde d'essayer d'abrégier quelque peu leurs commentaires, si c'est possible, sur cette question importante.

Nous allons reprendre -- et je fais la liste -- le Premier ministre Lee de l'Ile du Prince-Edouard, le Premier ministre Buchanan, le Premier ministre Hatfield, le Premier ministre Bennett, le Premier ministre Peterson. C'est ça?

Alors, monsieur Lee, s'il vous plaît.

HON. JAMES LEE: Thank you very much, Mr. Prime Minister. I, first of all, want to say, as said earlier, I am very pleased that the agenda does include agriculture and fisheries. Probably the only province at the table that has farming and fishing as our first and second industry. I say that with qualification but they are very important to us and the importance of them here to me is just as important as talking about transfer of payments and everything else that we will be discussing here over this particular Conference.

I see that we basically have some very serious challenges in front of us dealing with agriculture in particular. We know that as a province and as a country we do have an abundance. Maybe what we have is a challenge of abundance here in Canada. The fact that Canada has been rich in agricultural growth, we are able to develop a strong agricultural industry but I think as well, Mr. Prime Minister, we have to realize that half

of the world's people suffer from some type of malnutrition around this globe of ours. So I think the challenge is how do we meet that particular need.

The fact that except for maybe Saskatchewan, Prince Edward Island is more dependent on agriculture than any other province. It represents, certainly in our province, the single largest source of private enterprise and development. Half of our island land base is devoted to agriculture and agricultural production and with that the growth and the economy within Prince Edward Island is three times more important and dependent on agriculture than it is to the national average.

So a healthy agriculture industry in Prince Edward Island is certainly a prerequisite to a healthy economy for us. But it goes without saying that the reality is, however, that some components of the Prince Edward Island agriculture industry are in trouble and facing declines, and facing declines in prices in world markets is certainly at the root of that.

It is a national situation, though, that we must recognize, and I think as a national situation we must take action together in order to minimize the long term negative effects of the present cost/price squeeze.

Therefore, Mr. Prime Minister, I wish to focus briefly on three main issues critical to the agricultural sector. They being farm financing, because of the farm debt itself; the agricultural trade within our country and outside of our country; and, thirdly, the balkanization of these programs.

Many farmers will be faced with what we call a double-whammy. First the declining equity on the farm itself, then, secondly, the low commodity prices related to the cost of production. This leads me to say that it is following on the heels

of a prolonged period of low commodity prices, declining land values and real high interest rates that give us this problem. Many farmers in my province and other provinces are in serious financial situations. The demonstration here yesterday, I think, was a point in question that we must not lose sight of.

So to say that, I have to say that we have to address it. It is unfortunate that we have not got the time to have a good round table discussion because many of the provinces here are so sensitive to the situation that faces us here. Putting forward the presentations that we have seen earlier today leads me to believe that this discussion should not stop at this table here today but should definitely continue on.

Let us be realistic, as I have said yesterday, there will be casualties in our industry because of the financial shakedown and crisis that we find ourselves in. It is the responsibility therefore of governments, however, to I think create the environment in the field of farm credit which ensures that agriculture has access to an adequate supply of credit. The credit, therefore, must be available at competitive costs and within a system that responds to the specific needs of the farm sector itself.

As I said yesterday, a policy such as farm credit must be a national one. It must help keep farmer credit competitive on a global basis. As I said yesterday as well, Canada needs a revised farm credit policy. A policy that will provide for the long term competitive needs of Canadian farmers operating in this international market. This policy will take time but there are a number of farmers that have not got much time left.

So in order to address the needs in the short-term

we suggest that the government should designate potatoes eligible for assistance under the authorization of the Agricultural Stabilization Act. In the long-term for stability we feel that we should pursue the merits of a tripartite stabilization program for potatoes which is now possible under the amended Agricultural Stabilization Act.

In the area of special needs, Prince Edward Island has special needs and certain of the commodities that have supply management programs in effect. For instance, the dairy sector, the industrial milk producers is tightly restrained. Yet the province has an infrastructure both on the farm and at the processing level which are under-utilized.

This creates, Mr. Prime Minister, economic hardship for individual farm units and seriously questions the economy viability of the dairy processing plants attempting to acquire sufficient volume to not only be competitive but to merely stay in business.

As an agricultural province we feel we believe it is needed at least to be a minimum sized processing sector within the province. Additional quota is not easy to get and we respect the systems that are in place. But because of our uniqueness we believe Prince Edward Island should have first opportunity to acquire additional quota when it becomes available in a national system. This would ensure that I do not end up like my friend described yesterday, the Honourable Brian Peckford, in a situation where we have the resource but someone else gains all the benefits of the value added. Prince Edward Island is merely looking to protect as much as possible its largest and most important private sector.

Dealing with trade, we are at the present time doing a lot of business with the U.S. We want to protect that trading

relations we have with the U.S. We realize and support the negotiations that will commence very shortly. We know what the ramifications might be for freer trade, what the impact might be. But we must be careful as far as we are concerned not to trade off agricultural interests in the interests of other sectors without understanding the total consequences that might happen.

As well, we believe that agricultural trade is shared by federal and provincial jurisdictions and the federal government must provide, we feel, a clear leadership role in international trade through the trade offices, the embassies and other outlets through External Affairs. We feel there is need for upgrading and education in the field of heavy expert people out in the trade offices that understand fully the impact and importance of agriculture.

Dealing very briefly with balkanization, perhaps the greatest and most overriding concern facing Canadian agricultural domestically is the increasing trend towards balkanization. Every province appears to have self-sufficiency goals and in some instances even barriers to interprovincial trade are now in effect. We feel that it is difficult for provinces to compete against one another. It is difficult for provincial treasuries to compete against one another. It is difficult for the poorer provinces to compete with the wealthier provinces. So that is why we feel there has to be a national approach in the area of agriculture and agricultural policies.

Very briefly I want to say that we believe we are making progress in reducing the balkanization efforts in the red meat sector. However, of great concern to Prince Edward Island is the emergence of other potential destructive price

support programs for potatoes. In our view, such programs not only distort the Canadian domestic market but could have devastating effect on the export of Canadian potatoes in particular to the United States.

I want to say as well that I appreciate very much this morning, and had an opportunity to look at the Saskatchewan agricultural paper and I want to commend the Premier and his officials for the sensitive effort towards the very important problem that we are dealing with. We believe and suggest that the National Agricultural Emergency Assistance Program is something that both we as provinces and the federal government should come together on very shortly and I give my support as an agricultural province that we would support such a move to look at such a proposal.

As well, Mr. Prime Minister, having been from the east coast and surrounded by water, I have to say for a few moments that fisheries is very important to us and I want to point out that the fisheries is the second most important industry to Prince Edward Island. This year it contributed over \$100 million to our economy. It is now in its development stages and it is now employing about 10 per cent of our provincial work force. In saying that, many of our towns and villages are dependent upon a healthy fisheries.

We want to make sure that these issues and concerns are brought to the forefront.

1985 has also marked to us a very highly successful fisheries year. The quality improvement, the quality enhancement program that we introduced, dockside grading for ground fish, was very successful and we want to support the programs that have been put in place for fishermen's quality improvement programs for the future because we have demonstrated and our producers and processors have demonstrated by looking and protecting our quality, we can command a much better price on the international market.

We are determined not to lose the momentum that we have started this year in developing this quality improvement. We remain committed to quality insurance programs in our total fisheries.

So what we are saying, basically, is that we are holding our own in the inshore ground sector. However, our relatively small offshore ground sector is another story. Our industry and the Prince Edward Island Department have warned over the past two or three years successfully to some extent, but unsuccessfully to the most extent, that the quota allocation for the Gulf redfish were too high and the access to the stock for vessels outside the Gulf of St. Lawrence should not be allowed.

This advice was ignored, unfortunately, in 1985. We see, as I said yesterday, catches of our ground fish reduced by about 40 percent.

As I stated yesterday, the major concern in Prince Edward Island offshore fisheries is the diminishing access to stock of offshore ground fish. In order for Prince Edward Island to maintain its historical level and just access to the offshore ground fish, we must have that historical level returned to our province.

Another example of quota allocation was this past fall in September in the herring fishery where we have seen the herring fishery closed in early September. Yet, Mr. Prime Minister, our fishermen were reporting to us an abundance of herring in our waters and our processors were forced to experience a substantial shortfall in meeting the international sales demand which was there.

The quota is very important to us and we want to work very closely with you and your people in the resource management problems that we have in the inshore as well as the offshore of Prince Edward Island.

One last point I want to make as far as the fisheries is concerned is the state of repairs of our ports and harbours. We know that this is not something that happened in the past 14 months. It has been neglected for the past decade. Our small crafts harbours, a portion of them, has been reduced as far as budgeting is concerned. What has happened in 1985, in the present day, we see ten of our harbours are barricaded to use because of the state of disrepair and the lack of the budget that is necessary to carry out the necessary repairs.

So we ask, Mr. Prime Minister, that the small crafts harbour branch of the Department of Fisheries and Oceans be considered for substantial increases in budgetary moneys for the coming year so that the basic needs of the fishermen of our province can be met by having safe harbours, adequately maintained so that they can get to the fishing grounds.

This, Mr. Prime Minister, basically is a quick overview. As I say, I wish we had more time to deal with these two important items but I am very glad that we had them on the

national agenda and very glad to continue the participation at the Ministers' level or at the First Ministers' level on these two items at any time.

THE CHAIRMAN: Thank you, Mr. Premier
Mr. Buchanan?

HON. JOHN M. BUCHANAN: Thank you, Prime Minister.

First of all, I want to congratulate you for placing agriculture and fisheries on the agenda. Also, to John Wise who is a good friend of Nova Scotia farmers and to Tom Siddon whom we welcome as the new Minister of Fisheries and Oceans, who also will be a friend of Nova Scotia, ciad mile failte, 100,000 welcomes, sir.

THE CHAIRMAN: He will be a friend, like it or not.

HON. JOHN M. BUCHANAN: Mr. Prime Minister, I want to spend a little time on agriculture and then some time on fisheries. Both are resource industries of Nova Scotia and are very important to our economy.

I want to talk about the single most important problem, in fact, the most urgent problem, I suspect, facing livestock producers in Nova Scotia at the present time, and that is the competitive position of the livestock and poultry industries as far as feed grain costs are concerned.

At the present time, there is a serious problem because our feed grain costs are \$40 to \$50 per ton higher than they are in the other parts of Canada. The reason for the disparity, of course, is well known -- we import 60 per cent of our feed grains and nearly all of our vegetable protein concentrates from central and western Canada. Rising freight costs have not been matched by corresponding increases in Feed Freight Assistance Programs.

I will give you an example. In 1970, FFA covered than 90 per cent of the freight costs; it has been eroded to 25

per cent. Between 1976 and 1985, the cost to the farmer has tripled while the FFA has, basically, remained the same.

Just a little history. The reason why farmers can claim more equitable treatment here is because of the Duncan Commission of 1926, Mr. Prime Minister. At that time, the Commission recognized that there was an implied term of Confederation that the Maritime provinces -- Newfoundland not being a province at that time -- would receive equitable treatment as a result of their geographic location in this great confederation. A result of that Commission, by the way, was the Maritime Freight Rate Act. Joe Howe, many, many years ago, recognized that one of the problems in confederation would be geographic location and the fact that the concentration in Canada would be in central Canada and then more in the west, but not as much in the east.

So, the Duncan Commission recognized that. One of the statements of that Commission was that, to the extent that commercial considerations were subordinate to national and strategic considerations, the cost would be borne by the dominion and not by the traffic that might pass over the line. That is very apropos to the farmers of Nova Scotia who, at the present time, are paying more freight rate to get their grains here than anywhere else in Canada. The discrepancy means that we are paying \$40 to \$60 a ton higher. When you look at the graph, the freight rate has gone like this; the Feed Freight Assistance has not. So, there has to be more equity here.

What we are asking for is equity, more equitable treatment for our farmers and an equal chance to participate, because, at the present time, it is discriminatory. What we are asking for is that, in order to maintain our livestock and poultry industries until there is a self-sufficiency in grain production, the Feed

Freight Assistance benefit be increased to cover 60 per cent of transportation costs. As I understand it, that brings it back only to the 1976 level. Concurrently with that, that feed grains would be produced in Nova Scotia in an increasing amount in Atlantic Canada, in an increasing tonnage, so that we would get to a point of self-sufficiency, and this could be achieved, Mr. Prime Minister, by federal-provincial initiatives, and we are certainly prepared to participate in those.

As I say, it is the most urgent problem confronting Atlantic farmers at the present time. I think my colleague, the Minister of Agriculture for Nova Scotia, would agree that, if that inequity were corrected, it would go a long way to resolving a lot of the problems for agriculture in Nova Scotia, particularly red meat producers in Nova Scotia.

I have a few words on the fishing industry, Mr. Prime Minister.

First of all, to put it in a proper perspective, it is interesting to note that the value of fish products in Nova Scotia is the highest in Canada. \$500 million worth of products from the sea are processed in Nova Scotia. That is approximately 25 to 29 per cent of the total Canadian value of all fish products. In Canada, it is \$1.9 billion. In the value of all landed fish products, Nova Scotia, again, leads at about 30 per cent of the total for the whole country, about \$260 million. If you add Nova Scotia and Newfoundland together, between the two provinces, over 50 per cent of the value of all fish products are from Newfoundland and Nova Scotia, and 50 per cent of the landed value is from Nova Scotia and Newfoundland with Nova Scotia having about 30 per cent of value of landing and value of fish products.

Twenty thousand direct jobs in Nova Scotia are involved in the fishing industry, and thousands of indirect jobs.

So, you can see that it is one big resource industry for this province.

Mr. Prime Minister, we do have problems. We are tackling those problems. In Nova Scotia, we are convinced that we are and have been behind in new technology and new fishing methods, which, quite frankly, were adapted by other countries back in the 1970s. We were behind. In the 1980s we are still behind, but we are catching up in new technology and new methods of catching fish and processing fish.

I am convinced that, in the 1990s, if we continue along the path we are on now, we can be ahead in technology. If we are ahead in technology, it means we are going to open up new markets or retain many of our own markets and open up new markets, and that means new jobs for Nova Scotians. That certainly means that, in the processing plants, we have to keep up to date with new computerized technology in handling fish.

Mr. Prime Minister, I noticed here the Honourable Lloyd Crouse. I just want to pay tribute to Lloyd Crouse. As a member of your caucus and a member of the federal caucus for many years, he has not only been a friend of fishermen, but he also was involved in the industry himself for so many years. I want, today, to thank Lloyd Crouse for all the assistance that he has given to me and to the Government of Nova Scotia and to the fishermen of Nova Scotia for so many years.

I want to talk a bit about quality control. Quality control in the industry, Mr. Prime Minister, has to be carried out, of course, in co-operation with the industry, but we have to become involved with and adapt to new computerized methods

of quality control to ensure that we are providing the market in the United States, in the Pacific Rim, in Japan or wherever else with the best quality product that can be produced in our processing plants and, of course, our offshore.

There is no question that, in the 1990s, consumers are going to demand it. They are going to be sure that they are getting the best quality and we must and we will keep up to date on technology to ensure that they have the best possible quality fish that can be produced in any--any--producing country in the world.

Just a mention about over-fishing by foreign countries and foreign vessels. It is a continuing problem; there is no question about it, but I want to congratulate the Department of Fisheries, federal, our Coast Guard and the Navy. They have done an admirable job up to this date. They do a very, very good job for us but we have to be even more vigilant because Nova Scotia fishermen have a right to catch fish, Newfoundland fishermen have a right to catch fish in our waters, and there is no question that we have to be very vigilant as far as the foreign vessels are concerned.

It is an incredible situation when you find foreign vessels out fishing a particular specie and our fishermen are denied that right to catch that specie at any one time. Maybe quota situations have caused that but it is embarrassing and it is a situation that we have to be very, very careful of.

It is interesting, Mr. Prime Minister, to note that we have come a long way. We come from, I understand, about a 40 percent Canadian catch offshore, 60 percent foreign in 1976 to an 80 percent Canadian catch now versus a 20 percent foreign catch. So we have come a long way but we must, through a reasonable timetable, increase that 80 percent Canadian catch in offshore Canadian waters and that 80/20 ratio has got to get closer to 90/10 and over time, try to eliminate foreign fishing so that it is 100 percent Canadian. We recognize and appreciate the problem is there because there are some long-term agreements

that would have to be phased out and there are a few conventions that can go on forever that would have to be negotiated with those foreign countries. We recognize that.

As far as quotas are concerned, we believe there has to be an immediate review of the scientific methodology which is used in setting quotas and I think we all agree with that and I know the new federal Minister does.

Could I just mention aquaculture?

Aquaculture is getting to be very important to Nova Scotia. Actually, Nova Scotia was one of the first provinces in this country to begin an aquaculture program and I want to tell you that I was very proud to be the Minister of Fisheries of Nova Scotia when it commenced.

In fact, when I was appointed Minister of Fisheries and Public Works in 1969, there were three new Ministers appointed at that time. In the first week of our appointment, one of those Ministers got a trip to Vancouver, British Columbia, unknown in those days. The other Minister got a trip to Seattle, Washington. I got a trip to Jeddore on the eastern shore to examine the oyster beds that were produced just under the surface of the water. I was more pleased to do that because that was where the voters were.

But I was the first Minister of Fisheries of Nova Scotia to be involved in aquaculture.

THE CHAIRMAN: Where are those other two fellows now, John?

HON. JOHN BUCHANAN: They are not around. They really are not. They are still living.

But, Mr. Prime Minister, one other first for Nova Scotia: We are the first province in Canada to enact an aquaculture

act two years ago. The legislature of Nova Scotia passed the first Aquaculture Act in Canada and that Aquaculture Act is now going to move us in the right direction of fish-farming are looking forward to a new federal-provincial agreement, which we will definitely need, so that we can advance the new theories of aquaculture and really get into fish-farming in a big way and explore the kind of exciting new technology that is involved in aquaculture.

Regional development policy: Certainly, the Minister of Fisheries and the federal Minister are going to be discussing new regional development plans in connection with the great fishing industry of Nova Scotia and I know you agree, sir, that we have two very able individuals to do that.

I just want to clarify a few things here.

The federal position on trade we agree with. The income stability plan, we agree with. The resource considerations, there should be an amendment on the resource considerations and I understand that is, at present, being worked on. Fisheries development, there is one clause here that gives us a little concern. I think it is a matter of interpretation and definition rather than anything else. That is the «should explore opportunities for the further processing of fish products in Canada,» clause. Our interpretation of that is that would be an add-on value in processing rather than a lot of new processing plants which I do not think we need. It is add-on value and that is, I think, what you mean in that.

You can talk about such things as surimi fish dogs, fish burgers. There are a lot of countries in the world now that are very much involved in fish dogs and fish burgers through this new technology of surimi and we are looking at

a new plant here in Nova Scotia on surimi.

On jurisdiction: Nova Scotia historically and to the present date, we believe the present jurisdictional set-up is correct. Fish do not respect provincial boundaries; fish do not respect international boundaries; fish are citizens of the sea and, therefore, fisheries is a Canadian resource to be shared by all Canadians.

Now, there is no contradiction here. Somebody said: How can you say that and, at the same time, say there should be a provincial jurisdiction on minerals, oil and gas?

There is no contradiction here at all because the seabed is a natural extension of the land mass and it has been recognized so constitutionally, in international law it has been recognized. So the extension of the seabed is one big difference on the extension of the water mass itself and we recognize federal constitutional jurisdiction re the oceans and the fishing industry in the oceans and that would be from low-water mark to the 200-mile economic limit. I should point out, to protect myself here, that there also is a good, legal constitutional argument for the low-water mark to three miles because, in Nova Scotia, prior to confederation, the fishing industry at that time was basically inshore industry and Nova Scotia fishermen had an exclusive jurisdiction three miles out but we are not pushing that at the present time.

I would point out, Mr. Prime Minister, that the present principle which we support in Nova Scotia and have supported historically, that the province adjacent to the fish resource get a preference but not an exclusive right. That is equitable and that must continue.

Finally, Mr. Prime Minister, working together,

we must encourage the United States to moderate their present claims on and their tendencies in the fishing industry for tariffs. We certainly must--we must, it is important--that we support our industry in its fight against countervailing tariffs because we do not believe that countervailing tariffs are reasonable nor right at this time and we must move immediately to have the United States duty on salt cod removed. I think that the matters that I have mentioned are rather essential to the fishing industry but, working together with Tom Siddons, we will be able to look after all the problems and have a great resource industry in Nova Scotia and the same with agriculture.

LE PRESIDENT: Merci, monsieur le Premier ministre.

Monsieur Hatfield, s'il vous plaît.

L'HON. RICHARD HATFIELD: Merci, monsieur le Président.

The agricultural industry in the Maritimes is facing severe challenges at the present time. Some we share with Western provinces. Some are more specific to the region, such as the present problem with the potato industry.

Like the Premier of Alberta, the Government of New Brunswick is committed to the continuing importance of the family farm as the basic unit of the agricultural industry for almost the same reasons as he stated.

The basic principles which you tabled this morning and which have been proposed for the Agricultural Ministers will have our support and participation, but I would urge that regional development implications of agriculture be added and be given proper consideration in the deliberations.

Again, I stress the importance of regional development in maintaining the strength of Canada.

Many efforts of the Government of Canada through, for example, the ERDA process have supported this regional development concept and the development of agriculture in our province.

It is, therefore, disturbing to find that some national agricultural programs can be structured in a way as to have a negative effect on our agricultural industry. The structuring of a tripartite stabilization plan for hogs, based on the national average cost of production, results in a greater benefit to those producers in regions who already have a

comparative advantage than to producers in regions who lack that advantage. This is inconsistent with the principle of regional development that we all agreed to.

A regionally sensitized program would have cost the Government of Canada exactly the same amount of money. So, finance was not the reason.

I hope that your government will at least neutralize the negative impact of the proposed tripartite program by restoring to us the feed freight assistance program that covers 60 per cent of the freight costs as it used to be in 1976 as opposed to the current 25 per cent level.

Of course, Prime Minister, I have received your letter today and I would point out that we are pleased that you are going to maintain the program, because it was proposed or rumoured that it was going to be cut, but I think it is important to emphasize that in order to maintain the principle of the Act, as the Premier of Nova Scotia has stated, the program must not just be maintained but increased.

I also am encouraged by the support you give to the Minister of Agriculture, and I believe that this gives us an opportunity to follow up on the other part of our letter to you with regard to the proposal put forward by the Maritime Farmers Council, and a program that will maintain or create jobs in the Maritime provinces -- a significant number; they estimate over 2,000 -- and a program that would only cost about 5 per cent, 5 or 6 per cent of what the federal government has already committed to grain transportation in Western Canada that we are not taking issue with. We are not taking issue with that program; we just feel that this is an important program. It has been

before the government for over a year and a half, and we hope that our Ministers can all get together and get an agreement on that as soon as possible.

Mr. Prime Minister, I was brought up in Carleton County, the heart of the New Brunswick potato industry, an industry which has provided the livelihood to thousands of New Brunswickers but which is now at risk because of the lack of interprovincial co-operation in the marketplace.

I would ask you to encourage your colleague in Agriculture to work with his colleagues, the provincial Ministers, and the industry, put in place an organized system to avoid the disastrous return to producers that we are seeing at this time being repeated in future years.

The Eastern Canadian Potato Agency discussed two years ago would be a good starting point. There is hardly a farm in this country in which there is not a female family member who is a full and vital participant in the family business of farming.

Yet, Statistics Canada does not reflect the participation of women. This lack of recognition of the productive input of farm women must be rectified.

Going to the question of trade negotiations, the interest of the Canadian farm community must be enhanced both in the context of Canada, U.S. discussions and in the GATT talks. The \$4 billion positive trade balance in agriculture is something of which all Canadians should be justly proud.

I hope that the traditions of export of seed potatoes in the international markets as well as the sale of seed table stock potatoes in the United States from New

Brunswick will be enhanced.

Il importe en ces temps économiques difficiles que les efforts des gouvernements fédéral et provinciaux soient harmonisés le plus possible. Nous apprécions le rôle que la Société de crédit agricole a joué pour le financement de l'agriculture au Nouveau-Brunswick et nous espérons sincèrement qu'elle sera en mesure de continuer à jouer ce même rôle important comme par le passé.

Le ministre de l'Agriculture du Nouveau-Brunswick proposera à votre ministre, monsieur Wise, une collaboration encore plus étroite entre la Société de crédit agricole et l'Organisme de prêt agricole du Nouveau-Brunswick.

There are other areas in which we must avoid duplication in the efforts of federal and provincial departments.

Agriculture, Prime Minister, is the basis on which our province was founded. We have a responsibility, as First Ministers, to ensure that future generations of Canadians have the same opportunities to gain a fair living from the farms of our nation as their forefathers did before them.

Prime Minister, turning to fisheries, we want to indicate both the direction we would like to take on certain issues and the major preoccupations which will require our collective attention in the coming year.

One theme of particular importance to us is the link between the seafood industry and regional disparities.

A clear distinction must be made between the normal, if somewhat frustrating, fluctuations in the fishing industry and the persistent disparities in regional economic development.

The fisheries, despite evolving in a very competitive environment, is and continues to be a major contributor to the New Brunswick economy. In fact, New Brunswick processed some 22.4 per cent of the total production value of Atlantic Canada in 1984.

Why, then, do we often hear that the fisheries are in trouble? The answer can be partially found in the following explanation.

Les difficultés économiques d'un grand nombre de personnes qui vivent dans les régions de pêche ne sont pas le résultat d'une faiblesse inhérente du secteur. Les problèmes les plus sérieux surviennent fréquemment parce que les entreprises de pêche et de transformation sont généralement les principaux employeurs dans les villes ou les villages. Il n'existe souvent aucune autre industrie importante dans l'économie locale.

Lorsque des revers économiques, tels que des changements brusques des marchés, causent des mises à pied imprévues le long du golfe du Saint-Laurent et de la baie de Fundy, aucune autre perspective d'emploi réaliste n'existe dans leur région pour les pêcheurs touchés ou les travailleurs d'usines.

Given the fish resources available and the dynamics of the markets, the majority of our entrepreneurs who really create most of the employment manage to prevail if not always prosper. But they cannot support alone the economic well-being of these communities. What are incorrectly identified as problems of the fisheries are actually problems of regional

development.

The dependency of these coastal regions on the fisheries renders them extremely vulnerable to changes in policy of any kind which risk upsetting the very delicate balance of their regional economies.

If we are to manage transition properly, we need the assurance of support to assist those affected sometimes permanently by these changes.

More importantly, it is only fair and just that we have equal assistance to take advantage of new market potential when it appears. We wish to be assured that the federal government is prepared to help us, as it did others, to acquire new technology where resource location and market demand justify investment and to assist our various regions in adapting to the disruptive, but unavoidable, effects that may occur.

Permission given to foreign vessels to fish in the Canadian economic zone when at the same time domestic fish plants are short of feedstock should be changed. Lost fish represents lost employment.

We realize that discussions on economic disparities and the requests for more resources are rather grim in nature and certainly not new, but the existence of gaps in our per capita earned incomes between the Atlantic provinces on the one hand and the national average on the other is a fact. The high unemployment rates are also well documented. The dependency on unemployment insurance payments is symptomatic of severe weaknesses in some of our regional economies and these labour market adjustment problems make it very difficult to make the

industry viable.

We mention these facts by way of explaining the context of the fisheries. There are tremendous pressures placed on the seafood sector to resolve a whole array of social problems. The fisheries can help, but these marine resources, even if renewable, are limited.

Our collective energies and resources must be focused on diversifying our sources of earned income. Again, regional development initiatives must be intensified in all regions and all sectors.

The level of special funds required to achieve the extraordinary effort in combatting regional disparities must be further increased. To maximize their impact, these federal expenditures must be closely coordinated with those of the provinces and they must target private sector investment.

To help manage development in an integrated way, we must find new approaches to federal-provincial coordination. We have common interests and shared responsibilities. The implementation process related to commercial matters could be streamlined and conducted primarily through the provinces. Federal administrative structures could be realigned to match provincial jurisdictions in a way which reflects their mandate and territorial integrity.

To promote informed decision-making, firmer and more systematic mechanisms for exchanging socio-economic and biological data could be established. Aquaculture must be developed by the provinces on a provincial basis. We have no problem with federal management of the fish stocks, but consideration must be given, on pragmatic grounds, to permitting

the provinces to manage its fleet in the best interest of their processing industry.

If we can establish a coherent approach to coordinating policy, resource allocation and implementation, we can be optimistic about developing the seafood sector in a rational way. The traditional industry as a whole is at least holding its own and aquaculture, as the Premier of Nova Scotia mentioned, which is so important to us too, is making progress towards realizing its enormous potential.

Also, new and foreign investment is bringing with it technical know-how and worldwide distribution networks. New skills and techniques are being introduced.

New Brunswick is adapting, with difficulty, but it is adapting. New concerted efforts could accelerate the development of our regions.

Experience shows that no issue can be dealt with unilaterally. Great interdependence exists. The challenge is to manage our differences in a constructive manner, together and with mutual respect.

Prime Minister, in closing, I would like to bring to your attention -- because I think seeing it is impressive in itself, and in your office like mine and all of us, a lot of paper goes by and we do not see all of it, but this was brought to my attention by the New Brunswick Fish Packagers Association.

It is a petition for the imposition of countervailing duties on salt cod, and this is a list of what is called countervailable programs by department, and there are 50 different federal-provincial departments.

I think you should just take a look at it and

the Minister of Fisheries should just take a look at it. Thank you.

LE PRESIDENT: Merci, monsieur le Premier ministre.
Monsieur Bennett, s'il vous plaît.

HON. WILLIAM R. BENNETT: Thank you, Prime Minister. I will be brief because I know we are in overtime and we have a lot of work to accomplish.

Often overlooked is the fact that British Columbia is the total Pacific coast fishing industry for Canada. I would like to thank the Prime Minister for appointing a British Columbia member as Minister of Fisheries, Mr. Siddon. I believe he can assist in what is an industry that has some problems, but one in which we can report good news. We have had good fish runs this year, and the areas of mariculture and aquaculture proved to be the fastest potentially-growing food areas that we have in our province. The establishment of fish farms in the warmer Pacific waters are ideally suited for this industry.

Very quickly, British Columbia that, as part of a large Canadian industry in mariculture and aquaculture, we have over-application now with the program accelerating over 100 applications, most of those being processed very quickly in the fish farming area. We do not see them as being competitive with the traditional fishing industry. We expect that, by the early 1990s, we will have 2,000 people working directly in fish farming.

I want to bring a positive note to it that, because your government, Prime Minister, is able to resolve the issue with the United States on the Pacific coast -- and we do not have the complication of a number of provinces with territorial agreements -- in those areas, it should bring stability to the industry. I know that the federal Minister, Mr. Siddon, will assist in what I see as a great opportunity for development.

We are going to assist in both additional processing capacity and in international marketing. That is why we have tried to tie aspects of fishing and mariculture and aquaculture into our

agricultural department. Moving to agriculture, many people do not realize that British Columbia has, in our northeast, a large area of grain production. We are part of the prairie system and, therefore, I can identify with Premier Devine's remarks and appreciate very much his getting this on the agenda and the problems they face.

In the other areas of agriculture in British Columbia, we have been going through, from 1983 to 1984, a positive growth. The industry in farm production grew by 9.5 per cent. I want to say that, while we have problems of high production costs, with the federal government -- I would like to thank your federal Minister of Agriculture in this case -- we can move swiftly on problems in the grape industry, as we did this year together. We are able to take the case, when our raspberry production is attacked by the United States with more protectionism, and now they are looking at our apple juice -- even though they supply 100 per cent of our orange juice, I suppose that is a point that should be brought up.

Quite frankly, we have in place in the province for our agricultural industry probably the richest, most generous farm income assurance program in the country. There is a stability in the industry, and we are looking very positively at those things that can flow from it.

We do have one part of our agricultural industry which is not necessarily categorized that way, which has some problems. That is not the crop that you seed this year and harvest in the fall. It is the trees we plant and harvest 60, 70, 80, 90 or 100 years later. The world's forest industry is in difficulty.

We faced international marketing problems, and we can handle that. What has happened, Prime Minister, is that, while

your government and ours -- and our government cannot -- co-operate in areas of silvaculture, reforestation -- in British Columbia, we have in place a program where by 1988 we will be replanting 200 million trees a year and a silvaculture program that will be equal to Finland's, which is the finest in the world -- while we can do those things, and we have an IRDA agreement with you where we put up \$500 million jointly over five years to contribute to the other provincial programs and forest company work that takes place, there is a problem in the industry that makes it unique and it does relate to programs you have in the petroleum and oil and gas industry and the special way in which agriculture is treated, and that is our forest companies. Take even the largest eight -- these are not the only ones -- but all of our forest companies, injured during the recession, are now in a restructured international resource market that is not a dip; it is a structural change that will be with us for many years. Just eight companies alone have \$400 million in losses that they can never get advantage from under the tax system, as other companies in our province which are recovered now, are able to utilize that and start to strengthen their balance sheets and restore their ability to be secure employers and undertake capital improvements.

The forest industry cannot. It has no foreseeable way of doing it.

We have mechanisms, Prime Minister, for ways to deal with this in the petroleum industry. What I would propose you look at, as we proposed last year, is to be able to take these losses at 100 per cent capital cost allowances for designated projects by the use of flow-through shares. What this would do is allow the companies then to take advantage of this without a cost in a cash way in order to continue what they have to do, to continue to do

what they must do to upgrade their plants, modernize their facilities, to be more competitive in a tough, internationally competitive market.

Their balance sheets and equity bases are so weakened that, while we are competitive now and dealing very competitively in a tough world, their ability to compete is diminished as they do not have the means of raising the capital to carry out, on a continuing basis, necessary modernization.

We proposed this to your Finance Minister last year. It is similar to programs, as I say, in the oil and gas industry and special programs for agriculture. It is not a costly program. It is not a program that is costly in large terms to either the federal or provincial treasury, both of which would contribute, because it is forgone income tax. The economic benefits, by measurement, to keeping an industry alive and having that capital expenditure are enormous.

Prime Minister, under this item, I would make a strong recommendation to you that we can do a lot to strengthen that industry if your Finance Minister could consider this proposal once more.

Thank you.

THE CHAIRMAN: Thank you, Premier.

Mr. Peterson?

HON. DAVID PETERSON: Prime Minister, I will be brief. I know Premier Peckford gets cranky as it approaches dinner time. I do not want to be the cigar here in public so I will be very brief.

I was very moved by the thoughtful presentation from all of my Colleagues and by and large, even though we speak last, I assure them, as they know, of the importance of the farm community to Ontario where we have the largest farm gate income in this country at \$5.3 billion, and the problems they are experiencing we are experiencing. This is a national problem, it is an international problem. There is major restructuring going on but I am pleased to see, sir, that there is developing anonymity in attacking these problems on a national basis and I think that is a very constructive approach from our point of view.

Certainly we are looking forward to the announcements from the Minister on the Farm Credit Corporation; a long term interest rate problem, a financing problem, it is a severe one for everyone. As well we are looking forward to some action on the Bankruptcy Act and I gather that has been signalled as well.

We, like other provinces, have recently committed \$50 million in interest rate restructuring along with Saskatchewan, and other provinces had their own programs. None of us would like to do it but we are all responding to that real emergency, which not only affects the economies of this province and this country, but the very sociology and the way of life of this country as well.

I just want to make one other point. I would hope that as part of our trade discussions and others we will be using

our good offices to move to eliminate some of the bears that exist in our own country in agriculture. We have created some tremendous walls and we see, I say to my colleagues, situations where provincial treasury is fighting provincial treasury and I do not believe that is constructive. We almost have gotten into the situation where one province has to compete because the other has done something else and I think there is an awful lot to do internally ourselves before we attempt even to find some magic solution outside of our own responsibility. We will certainly support any moves in that way.

Let me say to the Minister of Agriculture, I am very grateful to you, sir, for your assistance. Ontario and the federal government signed the first tripartite agreement on red meat last week. It was a bold step for the federal Minister. We appreciate his co-operation and we hope it turns out to be a model for all to share in. There is a lot of tough negotiation between the two: our Minister, Mr. Riddell, and Mr. Wise, and it was a constructive, and I think, an agreement that everyone is going to benefit from.

I was particularly struck, may I say in conclusion, Mr. Prime Minister, by the presentation of Premier Devine in this matter and when we look at this almost embarrassment of the capacity to produce here and you compare that to the international problems that we all face and are all personally aware of, I would hope that you would take up his suggestion to use our capacity to produce for the world as an instrument of your foreign policy and I know of your concerns in that area. I think Premier Devine made a very eloquent and thoughtful appeal in that area and something that I support from our point of view.

Thank you.

THE CHAIRMAN: Thank you, Premier, and thank you all for a tremendous discussion on two of the vital areas of Canada's history and our future on the agriculture and the fishery.

Colleagues, this afternoon, and we are not leaving right now, I just want to warn other people who are lining up there that we have a few more minutes. This afternoon we have a very full and important agenda again. We hope to hear from Territorial leaders, we have equality for women, we have economic development and so I would like, with the approval of my colleagues, to report briefly to you on the question of trade. Everyone has spoken on trade. In our remarks in the last two days every Premier has made extensive reference, as have I, to the views on the issue.

I would like to amputate my own comments very, very dramatically and just speak for perhaps no more than two moments on this but to share with you one of the results of our discussions. We all know how vital trade is to our well-being and to our future. Thirty per cent of our GNP comes from our exports and therefore it is absolutely vital that we continue to compete in world markets.

Our dependence on trade is double that of Japan and triple that of the United States, our two most important markets. We are all aware of the three or, in some cases, it is 350 depending which day you care to look, protectionist measures being introduced and moved through the United States Congress. I am not panicked by that, I am deeply troubled by it and I know it has to be dealt with and I take up a note that Premier Peterson made. If we are going to prevail against protectionism abroad and not be alarmed but just want to deal with it in a firm and resourceful way, then we have got to be prepared to live by the same rules at home

ourselves.

The flow of international competition I think can provide the best conduit to Canadians and jobs and industries in the future. Our efficiency and our competitiveness are affected by our own internally afflicted trade barriers and I think, to take a page from Premier Peterson, that we ought not to hesitate to improve the situation within our own borders from province to province as we hold any talks of any kind in regard to our trade situation.

J'ai dit hier, et puis je me permets de le mentionner encore aujourd'hui, que la coopération entre gouvernements n'est pas une fin en soi. Nous allons coopérer pour atteindre des objectifs bien précis.

Je suis heureux de constater que la collaboration dans le domaine du commerce est maintenant fermement implantée.

We are collectively pursuing market access in two fronts: the world market and the U.S., which is our next door neighbour and where a lot of the money and future is. The key to our policy for the past three decades has been and remains an open multilateral non-discriminatory trading system for the world economy. Successive multilateral trade rounds have made much progress, a lot of progress, in reducing the level of tariffs worldwide in addressing other distortions in trade.

In our international trade negotiations, whether at GATT or in any bilateral initiatives with the United States or elsewhere, I think we would all agree that Canada must speak with one voice but Canada's one voice must speak for all Canadians and for all governments. We have consulted with the provinces through numerous federal-provincial meetings since this government took office. We will continue to consult fully in formulating our objectives and our negotiating matters and we will take into account

the interests of every province and of every region.

We will ensure, and this is an undertaking of the government, that the mandate fully reflects the diverse interest that will be laid before us during the deliberations we will engage in with you or with the private sector during the course of the next several months.

The main question in some ways in regard to trade at this particular juncture, as an item of concern of First Ministers in the last few days, has been one of process. Negotiations have not yet begun and so Premiers and First Ministers are quite properly concerned as to the fundamental questions. How are we going to do it? Who is going to do it? Under what circumstances? How are agreements then rendered enforceable?

Ce sont des questions valables que les Premiers ministres, soit le Premier ministre du Québec ou le Premier ministre de l'Ontario, de la Saskatchewan, et j'en pense, tout le monde a soulevé des questions fondamentales de procédure car il s'agit, il ne fait aucune doute, d'un geste historique et vital, non seulement pour le gouvernement fédéral mais pour les gouvernements provinciaux.

So there have been many meetings. At the First Premiers' the First Ministers raised with me at our first get together their concerns about process and since that time our Ministers and us have been meeting to see if we could not set out the beginnings, important beginnings, of an agreement in this area. I am happy to report to everyone today that earlier today we were advised by our Ministers who met yesterday, last night and again from early this morning, of an agreement that will not be the last but it will be an important first one among us as to how we approach it. I think it speaks more to the spirit of what we are about and how we plan

to do it than perhaps anything else.

May I read just the key points:

«The Ministers agreed to the principle of full provincial participation in the forthcoming trade negotiations between Canada and the United States, and in the GATT.

The Canada-US negotiations are now in their preparatory phase. During that phase, the Ministers agreed in the next 90 days to give effect to the principle of full provincial participation through, among other things:

- establishing a common basis of facts and analysis;
- each province and the federal government setting out their objectives for the negotiations;
- establishing an agreed view of the obstacles to the achievement of these objectives that may exist in the United States.

And, three, the Ministers agreed further that this preparatory work should include the determination of how best to give effect to the principle of full provincial participation in subsequent phases of the negotiations; and that the work might be accomplished, among other ways, through holding further meetings at the level of Ministers or First Ministers if necessary.»

I think that indicates -- I know it is shared by all First Ministers and I think it indicates to the public the degree of genuine sharing that will inspire us in this initiative.

Not to pre-empt anyone at all, may I just say a final word in this because the ultimate responsibility is, of course, that of the Government of Canada pursuant to the traditions that have brought us where we are.

Negotiations will be prudently conducted. I do not

view this in any way, the negotiations with the United States and bilateral negotiations, anything of a panacea. I view it as a possible historic opportunity that must be examined very carefully. Our objectives are to secure and enhance our market access and to enshrine the new arrangements in a binding international agreement.

One word that I mentioned in the House and I take the liberty of repeating here today, is that this is a commercial negotiation. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character, these are the essence of Canada. They are not in issue in these negotiations. The uniqueness, the independence, the sovereignty and the integrity of Canada will only be enhanced by anything that is undertaken by the Prime Minister of Canada in concert with his other fellow First Ministers.

That reflects I think in where we are at this point in a complex and difficult challenge but one that, I think, so far has been characterized by a great deal of mutual understanding and commonality of interest.

At this point, unless we agreed that we would adjourn for a luncheon break and come back with lots of time, hopefully, that will allow Premiers to comment not only on this but on the two other agenda items that will be before us.

May I suggest -- il est déjà 1h20, nous avons eu un déjeuner de travail il y a une heure et demie. Si nous pouvions reprendre à 3h00, hier je pense que c'était à 3h00, si nous voulons reprendre le collier. Bon appétit. Thank you.

ANNUAL CONFERENCE
OF
FIRST MINISTERS

CONFERENCE ANNUELLE
DES
PREMIERS MINISTRES

VERBATIM TRANSCRIPT

(unedited)

Afternoon Session of
November 29, 1985

COMPTE RENDU TEXTUEL

(non révisé)

Séance de l'après-midi
du 29 novembre 1985

Halifax, Nova Scotia
November 28-29, 1985

Halifax (Nouvelle-Ecosse)
Les 28 et 29 novembre 1985

THE CHAIRMAN: Colleagues, we must begin. I hate to interrupt a Premier talking to the CBC but we may have to.

Sorry, Mr. Premier.

Is there another one over there? Sorry, may we begin, please, because we are up against a pretty serious set of timeframes this afternoon.

To begin this afternoon, I had a chance to talk to my colleagues and I would like to share some information with you.

Yesterday, I stressed the importance of our collective effort to renew the Canadian economy. We have forged together a strategy to promote economic growth and jobs for Canadians, a strategy that includes, as a critical element, our working together to control the national debt.

I mentioned yesterday in the course of our discussion that the strategy is bearing fruit. Inasmuch as these conferences began and shall remain First Ministers' Conferences on the Economy to deal with our serious national economic problems, we agreed that we should update each other and we have further confirmation of how things are going.

At eleven o'clock this morning, Stats Can released the national economic accounts for the third quarter of 1985 which are important to all of us. I think they provide a dramatic indication today that we are on the right course. Let me highlight a couple of points that were mentioned by Stats Can.

In real economic growth, that is, the actual increase in total production after deducting inflation, we are at an annual rate of 6.6 percent during the months of July, August and September.

This means that, over the past year, we have grown

almost twice as fast as the United States.

This year, Canada and Japan are the two fastest-growing economies in the industrialized world. Equally important, our growth is accelerating and it is increasingly made in Canada growth. Our consumption is stronger and our business investment is continuing to expand at double-digit rates, confirming the strong investment recovery that began in the first quarter of this year.

Investment in housing, which is important because of the jobs in the bank concept, associated with construction, investment in housing was up more than 60 percent at compound annual rates, one of the highest rates of increase in a decade. As a result, growth and final domestic demand during the first three quarters of 1985 has been higher than in any three-quarter period in 11 years since 1974.

What is more, and no less important, given the talks that we have had in regard to trade, the productivity of Canadian workers grew by almost 5 percent in the third quarter. This will significantly improve our competitiveness in international markets.

In other words, Canada is achieving this year significant productivity growth and employment growth together.

Indeed, our performance is on the very best in the industrialized world and I am particularly pleased that inflation remained low and that this strong growth performance was driven by the private sector. Total government expenditures after deducting inflation actually dropped in the third quarter.

Our own federal expenditures declined at an annual rate of 22 percent in current dollars, that is, before deducting inflation. This decline was led by a large drop in federal

subsidy payments. As a result, the federal national accounts deficit continued to fall. On an annual basis, the deficit has fallen from almost 37 billion in the first quarter to about 32 to less than 28.

As I stressed yesterday, colleagues, we are controlling our own expenditures and the positive results are becoming evident. This is a tremendous tribute to all governments represented around this table and I think a tribute to our cooperative efforts to achieve economic renewal through national reconciliation, a tribute to the resilience, as well, of our economy.

Our strategy for economic renewal and growth which will pay great dividends if we persevere, is paying off. I think we must continue to pursue it constructively and positively.

Ces données des comptes nationaux pour le troisième trimestre de 1985 devraient, sans être la perfection parce que c'est tout simplement une indication sur plusieurs -- il y en aura d'autres, bien sûr, à l'avenir -- redonner confiance et espérance à tous les Canadiens.

Notre stratégie de renouveau économique commence à donner des résultats concrets. La production nationale a augmenté à un taux annuel de 6,6 pour cent en juillet, août et septembre 1985. La consommation est en hausse, l'investissement est en hausse, la construction domiciliaire est en hausse. La productivité de nos travailleurs et travailleuses a augmenté de près de 5 pour cent pendant le dernier trimestre. La croissance économique a été presque deux fois plus rapide chez nous qu'aux Etats-Unis pendant les douze derniers mois. La performance économique du Canada et celle du Japon seront les deux meilleures des pays industrialisés en 1985 et cette croissance, c'est au secteur privé plutôt qu'au secteur gouvernemental que nous la

devons. Sur la base des comptes nationaux, les dépenses fédérales ont baissé à un taux annuel de 22 pour cent.

Voilà ce que nous avons accompli ensemble comme gouvernements et comme individus depuis un an. Comme je mentionnais, ce n'est pas la fin du monde, mais c'est un début remarquable, je pense, pour nous tous. Les données de Statistiques Canada confirment que notre renouveau économique est bien engagé.

Comme je l'indiquais hier, nous devons donc persévérer, nous devons poursuivre ensemble l'application de notre stratégie, si nous voulons que la performance économique canadienne continue de s'améliorer.

At our First Ministers' Conference in Regina last year, you will recall that, I think for the first time, the territorial government leaders were invited to participate and to speak on a matter other than constitutional and aboriginal rights.

We have agreed, as in Regina, that each of the territorial government leaders should be invited to make a short statement this afternoon before we begin our discussion on economic and social development.

I call on Mr. Tony Penikett, Government Leader of the Yukon, and Nick Sibbeston, Government Leader of the Northwest Territories, to join us today.

I should tell you, in the usual degree of discipline, the First Ministers, including myself, have agreed to limit ourselves, as have the territorial leaders, to brief interventions this afternoon. I have been given the authority from my colleagues, when the agreed-upon time has expired, to remind them publicly of that. Brevity, believe it or not, friends, will be our hallmark this afternoon.

Please go ahead.

HON. TONY PENIKETT, GOVERNMENT LEADER OF THE YUKON:
Thank you, Mr. Prime Minister. I shall try to be a fast talker.

Premiers, ladies and gentlemen, thank you for providing the citizens of the Yukon with the opportunity to be heard today. The topics you have discussed over the past two days are of vital concern to us, and we appreciate the chance to join this prestigious forum.

Naturally, I would have preferred to address these issues as they arose, both in the public sessions and during your private meetings, and I expect that, in future conferences, we will be permitted a more substantive role in your deliberations.

Until that time, we want to again demonstrate our commitment to this country and to ensure that the views of northerners are given some consideration in your review of these important topics.

One of the central issues that has yet to be discussed in detail at this conference is regional economic development. Like most Canadians, I was an interested observer of the First Ministers' meeting in Regina. The adoption by all governments at that meeting of a set of principles for regional economic development was an encouraging sign. It reflected a general recognition of the disparities that presently exist between regions and pointed to the need for a more equitable balance of opportunities and benefits if Confederation is going to fulfill its promise.

The Yukon was pleased to be able to join with all other jurisdictions in signing an intergovernmental position paper on regional economic development.

Given the priority assigned regional development at the last First Ministers' meeting, I question whether the issue is now being given the attention it deserves.

I recognize that my government is relatively new; however, our concern with the pace of work on this issue has been reinforced by a number of new federal issues which appear to be moving contrary to the interests of regional economic development and to the lessening of regional economic disparities. Many of you have already commented on the risks and implications associated with reductions in transfer payments and with program off-loading about which we insist on being consulted.

We also have some basic concerns that are directly relevant to the north and its future development. We were disappointed for example, when the federal white paper, "Freedom to Move," made

no reference to regional development in conjunction with the proposed National Transportation Policy. The intergovernmental position paper indicates how critical transportation is to regional development, and this premise was confirmed in no uncertain terms at the recent Premiers' Conference.

From our perspective, the new policy lacks the critical element of regional sensitivity. The recommendations made respecting the deregulation of norther air service, for example, clearly ignored the strong opposition voiced by northerners during the public inquiries held by the Air Transport Committee. We remain concerned that the lack of regional sensitivity in this policy may have adverse effects on the north's economic future.

We are also concerned with the issue of taxation of northern benefits. The federal government has heard a unanimous position from business groups, industry, unions, native organizations and local governments in the north on how to equitably deal with the issue.

The federal decision on the taxation of northern benefits will have a major impact on the potential for economic development in the north, and we are watching closely to see if that decision will foster or inhibit regional development.

Mr. Prime Minister, these are only two examples of policies or programs that do not appear to reflect the strength of the commitment to regional economic development that all Premiers and the Prime Minister embraced in Regina.

Currently, the Yukon government is doing all it can to promote the Yukon's economic recovery. We and the federal government have taken significant and tangible steps to return our largest mine to production. The re-opening of the Anvil mine will be of benefit to both the Yukon and Canada. In connection with this effort, I was recently engaged in serious discussions with

mining and smelting companies in Japan and Korea with a view towards assuring those companies of the Yukon government's commitment to our mining industry. At the same time, I explored the potential for increasing our share of the Pacific Rim tourism market as a way of further strengthening our important tourism industry.

At home we are continuing our efforts to diversify our economic base through improved local labour and local product use and through specific programs aimed at identifying new economic opportunities for the people of our region. We are actively supporting our small, but important, agriculture, fishing and trapping sectors.

In order to assist these and other economic initiatives and in order to allow the Yukon to actively participate and promote major projects, the Yukon Development Corporation has recently been established.

One of the major constraints to northern development has been the high cost of energy. Each year, over 90 million energy dollars leave our territory. This, too, is being addressed with vigour. A series of expanded and improved energy conservation and development programs are now being put in place to help recapture much of that capital outflow.

An additional and vitally important measure is the transfer to the Yukon of the Northern Canada Power Commission. This transfer, now being negotiated, will give us regional control over the planning, regulation and operation of hydro-electric energy and will result in lower costs and increased incentives for economic development.

Further, energy cost support has been given to our

mining, trapping, logging and fishing industries through exempting from taxation all fuel oil used in the off-highway pursuit of these important economic activities.

Mr. Chairman, we are also taking significant steps to improve our training and human development programs. The new Yukon college is under construction, and the recently negotiated Canada-Yukon Agreements should improve our ability to provide meaningful, job-oriented training to our people.

Finally and most significantly, Yukon native land claims negotiations will resume shortly, this time with a new spirit of cooperation and purpose and an underlying commitment to radically improve the economic situation of the Yukon's first citizens.

All of these initiatives taken together reflect our commitment to regional development, but we cannot do it alone.

Many of the constraints facing us are deep-seated and are rooted in the tradition of our economy. In order to break these bonds and to develop our true potential, we require the support of federal policies that reflect and take account of our needs as a distinct region of Canada. Without the support of those regionally sensitive policies, our own efforts may be placed in jeopardy.

Prime Minister, we applaud the inclusion of women in a discussion of the economy and we trust that this is only the first of many opportunities First Ministers will have to address women's issues. Our Ministers responsible for the Status of Women have endorsed the goal of full and equal participation of women in the Canadian economy. We believe the most important question to be addressed is how this goal is to be achieved.

The full and equal participation of women in the economic life of this country is beneficial to all Canadians, women and men.

I am tabling a paper here today which outlines our government's commitment to gender equality and which recommends integration of women's issues in all economic and social planning processes at the territorial, provincial and federal levels.

Ministers responsible for the Status of Women have recognized the importance of intergovernmental cooperation in achieving equality and have provided us with a framework for discussion. However, any fruitful discussion must include the issues of child care, pay equity, affirmative action, job training and occupations segregation.

First Ministers must make it clear that women's economic equality is high on their agendas. All ministers must be directed to integrate women's issues in their respective portfolios. Our Ministers responsible for the Status of Women can then play a lead role in directing these efforts. All governments have expressed their commitment to working towards equality for women. Integration, as we see it, is the key to realizing that goal.

I look forward to hearing your views on this important topic later this afternoon.

I would like to now turn, in closing, to the issue of Canada-U.S. free trade which, I know, has been the subject of a great deal of debate among you.

Prime Minister, Yukoners are vitally interested in the debate surrounding free trade. Due to the limited scope of our economy and its domination by tourism and resource-based exports, many might feel we have little to gain or to lose under

a liberalization of Canada-U.S. trade. In fact, such an arrangement may have extensive and long-term repercussions for the Yukon.

The fragile nature and narrow base of our economy makes it extremely susceptible to external forces. Unless proper precautions are taken to recognize and accommodate regional economic characteristics prior to and during negotiations, the Yukon could face serious threats to its current level of economic viability and its hopes for the future.

We would caution the Government of Canada not to ignore the legitimate interests of Canada's smaller and less economically developed regions in our pursuit of the free trade issue. Should you do so, the results could be disastrous for many of us.

We do offer support for continuation of discussions on this issue if the proper planning is carried out and all the implications for all regions are considered. For our part, we require assurances that the economic circumstances of northern Canada will be seriously considered. Furthermore, we require that the Yukon be invited to participate in the ongoing discussions.

We also ask for stronger assurances that industrial and regional development policies designed to resolve regional disparities are not compromised in any way during negotiations.

We ask, further, that the terms of reference of Canada's negotiator be clearly spelled out in regard to these concerns and that those terms of reference be agreed to by all provinces and territories.

Finally, we ask that, prior to negotiations, there must be full consideration given to the transitional measures that would accompany any agreement.

Prime Minister, we do believe that changes need to be made to Canada's north-south trading pattern. The Yukon supports your continued efforts to explore the options for such change.

We do, however, urge that caution and a clear understanding of our regional needs guide your actions.

Mr. Chairman, Premiers, thank you again for the opportunity to speak to you. Thank you for listening. Merci

THE CHAIRMAN: Thank you, sir.

THE CHAIRMAN: Thank you, sir.

Mr. Sibbeston, please go ahead.

HON. NICK SIBBESTON (Government Leader - Northwest Territories): Mr. Prime Minister, Premiers, I am pleased to be here today at your Conference. I bring greetings from the people of the north - the Inuit, the Dene and Metis and the non-native people who have made the north their home.

For most Canadians the north is a vast expanse of land occupying the top one third of the map of Canada. When they think of it at all, they think of snow and ice, howling winds, perhaps a polar bear or a solitary hunter. Only occasionally some event, such as the recent voyage of the U.S. icebreaker Polar Sea, will awake the interest of the Canadian public and cause them to think, if only for a moment, about the broader issues affecting the Canadian north.

The question of Canadian sovereignty was very much in issue in Canada this past summer. Let me say that for no other reason there is no question of Canadian sovereignty, the Arctic is the homeland of the Inuit.

For those of us who were born in the north or who have come to live there, the north is much more than ice and snow. It is a land teeming with life and opportunity, a place of great potential. Our people are very young, in fact two thirds of our population are younger than 35 years of age and they have in the north the fastest growing population in all of Canada.

As wonderful as the north is, **there are a few problems.** Unemployment in the north remains at a high 17 per cent of our total work force and amongst the native people this is extremely high and up to 31 per cent of unemployment. The need for more better housing is growing at a rapid rate as communities expand. Traditional

ways of life have been seriously hurt by the anti-seal and anti-trapping lobbies. People who could once make a living off the land are now finding it more difficult.

In spite of these problems there is a great deal of optimism in the north. Land claims are being pursued by the Inuit in the Arctic and by the Dene/Metis in the west. Their settlement is vital to the social, economic and political future of the north. Native people are very serious about concluding land claims and as early as late 1986 or 1987.

The division of the Northwest Territories into two new Territories, Nunavut and Denendeh, is also important to the people of the north. A process has been established to develop a northern consensus on division and I am optimistic that this will occur in the next few years.

The challenges facing the people and government of the Northwest Territories are complex. Like all Canadians, northerners desire the good life. We want to ensure that our people have jobs, adequate housing, good health and good education. We also want the wealth of our society to be fairly distributed. We want our families and communities to be nurtured and preserved. At the same time we wish to protect and strengthen the traditional lifestyles, cultures and languages of the native people of the north who make up a majority of the population.

To achieve these goals will not be easy. Our 52,000 people are spread across over one million square miles of land. They live in over 60 communities ranging in size from barely 100 in Grise Fiord, the most northerly communities in the north to consumately 10,000 in Yellowknife which is our capital. The cost of living is very high in the north and upwards of 200 per cent higher than in southern Canada.

Nevertheless, the economy in the Northwest Territories has performed reasonably well over the last 10 years. There has been significant growth in the gross territorial product and in total employment. While much of this increase has been due to abnormally heavy capital investment by the oil and gas sector, there has been steady growth in most other areas of the economy as well. However, this growth has not been equal throughout the north.

Employment tends to be concentrated in a few regional centres and resource towns while jobs remain scarce in small more remote communities. Generally natives and long term northerners are under-represented in the labour force as many jobs continue to be held by transients from the south. Our government is attempting to address these issues both through training and affirmative action and, more widely, through our overall economic development strategy.

Put simply, economic development in the north, particularly the large projects if they are to be supported by our government, must provide real and lasting benefits to northern residents and must occur in a manner that does not hinder or threaten the traditional lifestyles.

I wish to talk very briefly about the renewable resource sector of our economy. The mining industry is still the largest private sector contributor to the economy. Mining alone contributes 17 per cent of all our employment in the north and adds a third to our gross domestic product. Low prices and weak markets in recent years have been a cause of concern and our government will be working very closely with the mining industry to be sure that this sector continues to prosper.

In our oil and gas sector northerners remain optimistic that major developments will soon occur in the Beaufort Sea in the high Arctic. We already have two pipelines that bring

oil and gas from the north to the south and this summer saw a tanker bring its first load of oil from the high Arctic. However, these developments cannot be allowed to proceed without the involvement of Aboriginal groups. An arrangement must be worked out that accommodates both general public interest and native claimants. Native people have a strong interest in the lands and resources that are there to be developed and we, as a government, support the recognition of that interest.

In the Beaufort Sea area land claims have already been settled with the Inuvialuit people and, as a result of this, they are active participants in the development and management of resources in that area.

In the area of renewable resources the north has a long history as a provider of furs. Until recently hunting and trapping provided a good source of income for many northerners. As well, many of the animals are important sources of food for the people. The anti-seal hunt and anti-trapping lobbies have hurt our economy badly. Despite this, hunting and trapping remain important and still provide as much as one third of the income of native residents of N.W.T.

While free trade with the United States is very much a topic and is a matter that is being dealt with here by our Minister and Premiers, in the north we are much more concerned at present with the subject of free trade with southern Canada. In several areas our Territories have been prevented from producing and selling our products in southern Canada. One example of this is with respect to the marketing of fresh water fish. Currently the N.W.T. fishery is governed by a federal Act. There is a growing feeling on the part of northern fishermen that this arrangement is unsatisfactory. They feel that their product coming

as it does from the clear cold waters of the north could be better marketed and, of course, they receive higher prices.'

Another recent example of the restrictions placed on northerners was the attempt by the Dene Band in Hay River to set up a poultry industry. Because the N.W.T. is not presently a member of the Canadian Egg Marketing Board their efforts to date have met with frustration. Provincial representatives on the Board have not allowed N.W.T. eggs to be sold in southern Canada even though some of the eggs are imported from the United States into Canada to meet the need.

A third example is country foods. There is a great potential for commercial harvesting of country food such as muskox, caribou and reindeer. Unfortunately there are legal impediments to the sale of these products in southern Canada. However, special provisions have been made so that these foods can be made available at the N.W.T. pavillion at Expo this coming summer and I invite you and other Canadians to taste this unique and northern delicacy.

As you can see free trade with the rest of Canada is as important to us as the question of free trade with the U.S.

In conclusion, I would say again that in the north we have a chance to do things right. In the Northwest Territories we are trying to build a unique northern society where both modern and traditional societies are respected and nurtured. In our Assembly, just to give you an example, we do not insist that MLA's dress in suits and ties. We accept and we welcome traditional native clothing as equally proper. The walls of our Assembly, too, are adorned with nice northern things. Members may speak in English and they may speak any of the Aboriginal languages that exist in the north.

In conclusion, Mr. Prime Minister, we are open to the development of our northern lands and resources but development must proceed in such a way that tangible benefits are foremost there for northerners. Land claims, we hope, will be settled in the next couple of years. Only in this way can we ensure that in 50 or 100 years from now the Inuit people, the Dene, the Metis, and the non-native people who have made the north their home will survive and prosper and contribute to the richness of Canadian society.

(Proffered thanks in Native Tongue) Merci beaucoup.

THE CHAIRMAN: Well, Mr. Penikett and Mr. Sibbeston, on behalf of all the First Ministers, we extended a very warm welcome to you and I want to tell you how happy we are that you would take the time to come all the way here to join us.

I should tell you, Tony, when the Member for Yukon was speaking, I closed my eyes for a second and I said to myself, «Has Erik changed?» But it was nice to hear you and to listen to you with care. We know you have enormous challenges and great distances to go and you have our understanding and every bit as much support as we can.

We thank you very much and we wish you well.

Thank you. Thank you for coming.

Colleagues, we begin our last agenda item which people will address pursuant to those timeframes in no particular speaking order from the Premiers' point of view. I will use probably all of my speaking time, which is fairly limited, just to make opening remarks in regard to the last agenda item and then let the Premiers criticize and comment upon. We would then go, possibly after a very, very brief break, into a wind-up and hopefully conclude, pursuant to our agenda in ample time to let the Premiers meet their media and meet with their Ministers and accommodate their travel arrangements.

The last one really involves economic and social development but it is social justice as well. I do not think we will attain true social justice unless all of the people of this country are fully integrated into the economic and social mainstream, particularly those who have not in the past shared equally in the benefits of economic growth.

All Canadians must be allowed to participate on

an equal and fair basis in all aspects of our country's economy. That has been our commitment and I think it is the commitment of everyone around this table.

In Regina, we discussed ways by which women could achieve full economic equality, permitting them to compete on an equal footing with men in the economic growth of this country. We talked about employment equity and how women could fully participate in the new Canadian job strategy that we agreed to last February, and which is in the process of coming about.

Important progress has been made by all governments in paving the way for the women of Canada to pursue their legitimate ambition to achieve full economic equality.

Today, as First Ministers, we must maintain that progress. Decisive action is essential to ensure that our concept of a fair and equitable Canadian society extends to include the largest group in our society--women.

Bien que l'égalité des sexes devant la loi soit garantie par la Charte des droits et libertés, l'égalité économique reste à réaliser. Seule l'égalité économique peut donner aux femmes les moyens de se libérer de leur dépendance et la possibilité de se réaliser pleinement en tant qu'être humain.

Le salaire des femmes qui travaillent à temps plein n'équivaut en moyenne qu'à 64 pour cent de celui des hommes. Cette situation persiste depuis plusieurs décennies mais l'écart salariale n'est que l'aspect le plus flagrant de l'inégalité économique entre hommes et femmes.

Cette inégalité se manifeste aussi par la ségrégation professionnelle, c'est-à-dire le confinement de la plupart des travailleuses salariées dans un éventail relativement étroit d'emplois traditionnellement considérés comme, entre guille-

mets, féminins. Cette inégalité explique aussi pourquoi, à compétence égale, les femmes obtiennent moins souvent de l'avancement que leurs collègues masculins et les difficultés auxquelles beaucoup de femmes disent se heurter en ce qui concerne, par exemple, l'accès au crédit.

Enfin, elle se manifeste de façon inévitable par l'incidence excessivement élevée de la pauvreté chez les familles dont le chef est une femme ainsi que chez les femmes âgées.

Il ne faut pas oublier non plus les mères qui travaillent, l'absence de services de garderie de qualité à prix abordables constitue souvent pour elles un obstacle majeur à l'égalité sur le marché du travail et la violence familiale est une conséquence brutale de cette inégalité, au moins dix pour cent des femmes en sont victimes.

Tant que les femmes ne seront pas en mesure d'atteindre l'égalité, elles vont continuer d'être exposées aux pires abus.

Toutefois, la justice sociale ne doit pas être le seul facteur qui motive notre action.

The Government of Canada is committed to improving the economic position of Canadian women. For this reason, we introduced legislation last spring to implement employment equity for workers under federal jurisdiction. In addition, we are implementing a program for federal contractors which will require them to practice employment equity.

Our objective has been to support and promote a structure of employment practices founded on merit and not on bias or barriers. It is my belief that employment equity will

promote both fair and equal treatment and prove to be a practical measure that will lead to enhance productivity and economic prosperity.

I know that no one will criticize me in a partisan way if I salute Flora MacDonald today for her tremendous work over so many years on behalf of equality, the fight for equality for Canadian women, and her tremendous leadership role in bringing much of this about in the course of the last number of years.

It is my hope that all governments will make a similar commitment to join with us in implementing employment equity in all sectors of the economy.

In the Speech from the Throne, the government pledged to increase employment opportunities for women in government agencies, boards and corporations, in short, to involve more women in the process of policy and decision-making. The initial target was to double their representation on federal boards from 15 percent--believe it or not, that is where we inherited it--15 percent of all appointments in the decision-making process were women -- and we committed to improve it to what we thought was a substantial figure of 30 percent. In retrospect, I am ashamed of that. But I can tell you: We are almost there in achieving that first objective and now, we are going to raise our sights and raise our targets to achieve even greater equality.

The Government of Canada has also taken steps to improve the economic situation of elderly women; the extension of the spouse's allowance effective as of September is expected to benefit over 70,000 low-income women between the ages of 60 and 65.

In the past 14 months, this government has introduced many other reforms, improvements in the private pension

system, amendments to the Indian Act, so long overdue, changes to divorce law and improved provisions for custody and maintenance, elimination of sex stereotyping in government communications and specific targets for women's participation in the Canadian job strategy among others.

We also announced earlier this week the establishment of a Parliamentary Task Force on Child Care. Furthermore, the Government of Canada remains firmly committed to enforcing the equal pay for work of equal value provision of the Canadian Human Rights Act and will take the necessary measures to ensure these provisions are respected throughout the federally regulated sector.

An interim settlement recently reached between Treasury Board and the Professional Institute of the Public Service on salary levels for government home economists, for example, further demonstrates that this concept of equal pay for work of equal value is, indeed, valid and applicable. It is in the process of being done by the Government of Canada, not in a total way but the first steps are in the process of being taken.

I am tabling today a document which provides a progress report, as I indicated I would, on the measures undertaken by the federal government since taking office to promote economic equality for women.

We are proud of our record of achievement on issues of concern to women during our brief time in government, but we recognize how much more lies ahead of us.

Au cours de la dernière année, les ministres responsables de la condition féminine se sont efforcés de mettre au point une stratégie de collaboration entre nos gouvernements en vue d'améliorer la situation économique des femmes.

Leurs travaux ont donné lieu à la rédaction d'un document cadre sur l'égalité économique des canadiennes. Cela n'a pas été une tâche facile car chaque gouvernement entendait mettre de l'avant ses propres priorités, et c'est tout à fait normal et compréhensif.

Le document que les ministres ont préparé tenait donc compte des perspectives différentes et des compétences , particulières des gouvernements représentés ici aujourd'hui et il constitue, à mon avis, un bon point de départ vers la solution de ce problème critique qui est l'égalité économique des femmes.

Les ministres recommandent, dans un premier temps, l'adoption d'un engagement sur l'égalité économique des femmes et propose, en second lieu, l'élaboration et la mise en application d'une stratégie visant à promouvoir l'égalité sur le marché du travail.

Je crois qu'ensemble ces deux initiatives peuvent aider nos gouvernements à réaliser enfin des progrès importants dans l'amélioration de la situation économique des canadiennes.

I would like today to congratulate all Ministers responsible for the Status of Women throughout our jurisdictions for their excellent work on this issue and to endorse the strategies they recommend.

The joint statement affirms our commitment to the goal of economic equality for women, provides a framework for assessing the impact on women of economic policies and programs and lays the foundation for cooperative action.

Status of Women Ministers have identified training as a specific area where we might focus our efforts to achieve labour force equality by implementing this strategy and ensuring women are fairly represented in all training programs.

I believe that the approach taken in the Canadian job strategy is an important step forward in this regard. Status of Women Ministers have also recommended a strategy for ongoing cooperation and that labour force equality measures be developed.

The proposed approach recognizes that labour force inequality is a problem that is found in all regions of Canada. By establishing a plan of action for continuing cooperation and consultation on these issues, our government can share the experience and expertise they have acquired in designing and implementing policies that are effective in fighting inequality

which exists in all of our jurisdictions and in all of our regions.

L'inégalité est un problème national. Les gouvernements, je le constate avec plaisir, ont reconnu que nous devons travailler ensemble à concevoir de nouvelles approches, à améliorer nos méthodes et à mettre au point des stratégies plus efficaces afin de mieux relever le défi qui se pose à nous tous.

Ce n'est qu'ainsi que nous pourrions accélérer votre progression vers notre objectif commun, c'est-à-dire l'égalité de tous les canadiens sur le marché du travail.

Si le gouvernement fédéral a fait de l'égalité économique des canadiennes un de ses objectifs prioritaires, c'est par souci de justice sociale. En effet, si nous voulons créer une société juste, nous devons assurer l'égalité des chances à tous les canadiens, quel que soit leur sexe.

C'est aussi, je pense, mes chers collègues, un impératif économique car la concurrence de plus en plus vive qui existe sur les marchés mondiaux nous interdit de gaspiller les compétences, les aptitudes et les talents de la moitié -- et j'en passe -- de notre population.

So, I am today, colleagues, with great pleasure, endorsing the strategies proposed by the Status of Women Ministers and the belief that they offer means by which our governments can work in a cooperative manner towards the goal of economic equality for women.

It is my hope that other First Ministers will join me in endorsing these strategies as a means to that goal. In terms of social justice, there is no imperative more urgent that

we address, and I am delighted that all First Ministers insisted in Regina that this matter be addressed in this forum here today. Thank you.

Mr. Peckford.

HON. A. BRIAN PECKFORD: Well, we are pretty stuck for time here now, Prime Minister, to be able to get out of here by five o'clock or 5:10 or 5:15. I will try to just sum up in 10 or 11 minutes on all of the issues.

Number 1, just let me say one or two sentences on the trade issue which we resolved as it relates to process through the meetings that we have had over the last few days. I think we have made an important first step. There are going to be many other important second and third and fourth steps that we have to make. I think all of the First Ministers are approaching it in a positive frame of mind, recognizing the caution that we must have as we move towards getting into specific negotiations with the Americans. But I think it is an important first step and it should not be overlooked.

Number 2, let me say that I think we should, and I would be delighted to hear the comments of other First Ministers on this, that in formulating the next First Ministers' Conference, I really think it is going to be important for us to prioritize the women's issue at a higher place on the agenda if we are going to give it the kind of time that it really deserves. We can all take credit that it is on the agenda but if we are not going to have too much time to talk about it, well, **then**, it sort of dilutes the kind of focus that we thought we had. I would be prepared to endorse ensuring that it came first or second on the future agenda, or on the next agenda at the next First Ministers' Conference because it is very, very, very important and whilst we all talk and say it is important, we can only make that a reality if we spend just as much time on it as we do other issues. Otherwise, it is empty words and really does not mean anything. Actions speak louder than words. That means having it a higher

priority on the agenda of the next conference.

The things that the Prime Minister said that the federal government has done in the last 14 months are laudable, and I congratulate the federal government for showing a fair amount of leadership in this regard in taking the steps that they have taken. All of the provinces have taken various steps over the last year or two, through their Status of Women Ministers, through their cabinets, to bring greater equality, greater access to decision-making processes for women.

Just let me outline two things that Newfoundland has done in the last couple of months, and I want to really highlight one because, as I say, actions speak louder than words.

We have set up a Women's Policy Office in the Department of Career Development and Advanced Studies which looks after training. So we have linked the training element immediately because we have the Women's Policy Office actually in the department which is responsible for training.

But, number 2, we have done this, and this is where actions really speak louder than words: We even went further than the task force on this matter that reported to the government. Every alternate appointment to any board, agency or anything that comes on to the provincial government, there has to be a woman until it is 50/50. No ifs, ands or buts. That is a policy, that is an Order-in-Council decision made by cabinet and every agency from the Newfoundland/Labrador Hydro to whatever, they are not allowed to come to cabinet unless they have every alternate appointment a woman. The task force had recommended something like getting it to 40 percent but we are going to do that and over the next year and a half or two years, as the new appointments come up, we will have reached 50/50 in a very short period of time.

That is what we have to do if we are really going to put into action the principles that we have enunciated about how important it is to get the job done here that has been historically really bad and we are all guilty of it.

In the whole question of child care, again, in order to bring this about, more money has to be put into child care. We are putting more money into it with our limited fiscal resources, but we have to do it.

I want to reaffirm the commitment of the Government of Newfoundland on the results that have come out of the Status of Women Ministers' Meeting that we fully endorse those strategies, we fully endorse the Canadian job strategy, and hopefully its preoccupation with ensuring that women are given just as much chance as men in these training programs because that is where the main work can be done to ensure that these goals are met. It is through education and through our training programs that they are put into effect.

I want to say a couple of words on regional economic development, but I would just urge, First Ministers -- and I say it even though I have said a lot from an economic point of view on other issues which are extremely important -- I can give you a passionate plea on almost any aspect of Canadian society and what is happening in Newfoundland. But I would say quite sincerely to all First Ministers: Let us recommit ourselves to these goals in a manner and in a fashion which is action, and that that at the next First Ministers' Conference we put the whole question of economic equality, women in the labour force number 1 or number 2 on the agenda. That is the best way that we can signal that we are serious, all the talk notwithstanding.

On the whole question of regional economic

development, once again, we are stuck for time and, therefore, we do not have the opportunity to elaborate and discuss it like I would like to do. I was very interested in the remarks made by the leader of the Yukon who, I thought, summed up a lot of the things that Premier Pawley or Premier Lee or myself and others of us in the have-not provinces have been saying.

The federal budget, since 1979/1980, to this year has doubled, more than doubled, but the level of regional development expenditures is the same as 1979/80 in the province of Newfoundland. So that will give you an idea. We have not kept on the regional economic development front and there are lies, lies and damn statistics, but that is a fact. The federal budget has more than doubled in that length of time, but regional economic development expenditures in Newfoundland have stayed still, the same as they were in 1979/80. If you add the inflation factor to that, then they have actually gone down. So that is the fact of the matter as opposed to the rhetoric.

On the whole question of the Regional Economic Development Ministers getting together and formulating a set of principles, that has been done. Unfortunately, as I said yesterday, the focus has shifted from legitimate regional economic development into a focus on industrial policy and the two have been confused. If you are going to have a national industrial policy which is market driven, private sector led, then the rich will get richer and the poor will get poorer. There are no ifs, ands or buts about that. That is what will happen. Somehow the Regional Economic Development Ministers in their meetings coming up in the next few months, February in Banff, I think is the next meeting, they are going to re-focus the attention. It is called regional economic development. It was not called industrial policy. The

focus has shifted. The only people who are going to lose on that focus is Nova Scotia, P.E.I., New Brunswick, Newfoundland, parts of Québec, Manitoba, the Yukon, Northwest Territories; we are going to lose. The regional economic disparity issue is going to become so major over the next three or four years for the leaders of those provinces that there is going to be a lot of noise and a lot of fracas moments between them. So I just indicate that this whole question of regional economic disparity is not going to go away. The transportation paper, Freedom to Move, is oblivious to regional disparity. I do not know if all the other governments have read it, but it is an absolute disaster as it relates to an island like Newfoundland. Transportation is so important as an instrument, as we all say, in regional economic development but that paper--I know it is only a white paper or a policy paper or a discussion paper, whatever it is called--but somehow we have to, in transportation policy and through our Regional Economic Development Ministers bring the focus back where it belongs and then build on the strengths.

We are always saying it. Let us not throw money away. Let us build on the strengths of Newfoundland or on P.E.I. and let us not go signing agreements which are identical to what they are in Manitoba because we might not need it the same way. You have to vary it and build on your strengths.

Sure, regional economic development budgets have to take their proportionate cut in any restraint program but what has happened is we have taken more than our share, more than our share, because, in Newfoundland's case, it has not grown since 1979. How do you like that for restraint when the overall budget has doubled, more than doubled?

So, yes, let us take our share, but our share and

only our share. You must build on your strengths and identify the strengths of Newfoundland and the strengths of P.E.I. and then do a regional economic development policy that is attuned to the strengths of Newfoundland, so that it is regionalized and flexible and made to work then.

Mr. Prime Minister, that is really all I have to say.

One, we are moving ahead on trade in a proper way and, hopefully, over the next 90 days, we can work out the process and define it a bit more specifically. It is a very important thing for Canada to do and I am glad to see that we have been able to reach a common view on it.

Number two, women's issues need to be higher in priority on the next First Ministers' agenda if we are going to make our words seem like action and really prove to the women of this country that we are serious.

Number three, we must re-focus on regional economic development. Otherwise, I am going to be poorer.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Premier.

Je demanderais à monsieur Bédard de prendre la parole au nom du gouvernement du Québec.

M. MARC-ANDRE BEDARD, SOLLICITEUR GÉNÉRAL ET VICE-PREMIER MINISTRE, QUEBEC : Alors, monsieur le Premier ministre, vous avez souligné avec à propos l'importance de ce sujet qui était notre ordre du jour, à savoir l'égalité économique des femmes.

Étant donné l'importance du sujet, je me limiterai dans mon intervention à parler de la condition féminine, peut-être avec quelques remarques à la fin sur le commerce extérieur.

Vous avez, monsieur le Premier ministre, de même que monsieur Peckford, énuméré quelques dispositions qui ont été prises afin d'améliorer la situation et, de mon côté au nom du Québec, afin de mieux évaluer peut-être le chemin à parcourir, je voudrais également souligner les récents efforts entrepris par le gouvernement du Québec en vue de favoriser l'égalité économique des femmes et des hommes, efforts qui résultent en grande partie de la conférence sur la sécurité économique des Québécoises, dont la première phase s'est déroulée au printemps 1985 soulignant ainsi la fin de la décennie des Nations unies pour la femme.

Les efforts qui ont été faits portent principalement sur cinq points; je les mentionnerai le plus rapidement possible sans élaborer plus qu'il ne le faut, mais ces cinq points-là sont quand même importants.

Le premier a trait à la mise en place des programmes d'accès à l'égalité. Concernant les programmes d'accès à l'égalité, depuis le 26 juin 1985, toute entreprise peut, au Québec, sur une base volontaire, entreprendre les démarches

visant l'implantation rapide de programmes d'accès à l'égalité.

Ces programmes peuvent également être mis en place suite à l'intervention de la Commission des droits et libertés de la personne.

Pour favoriser, puisque ce sont de bonnes intentions exprimées mais, pour favoriser l'application pratique et atteindre le but, le gouvernement a par ailleurs adopté un plan d'action qui devrait stimuler l'implantation de ces programmes au profit des femmes.

Ainsi, les entreprises au Québec, ainsi les entreprises qui souhaitent contracter avec le gouvernement, doivent démontrer qu'elles ne font pas de discrimination systématique à l'égard des femmes, à défaut de quoi elles doivent mettre en oeuvre un programme d'accès à l'égalité.

Nous-mêmes, comme gouvernement, nous nous sommes engagés à élaborer des programmes d'accès à l'égalité qui seraient applicables au niveau de l'ensemble de la fonction publique.

Enfin, le gouvernement a mis sur pied, pour une période de trois ans, un Comité consultatif qui a, en particulier, le mandat d'évaluer les expériences en cours et de nous recommander, au besoin, des modifications qui pourraient être d'ordre législatif ou encore d'ordre réglementaire.

Une deuxième série de mesures a trait à la formation professionnelle des femmes. Depuis quelques années au Québec, un effort a été fait pour maintenir et adapter certains des programmes de formation particulièrement destinés aux femmes.

Nous offrons un programme de transition au travail afin de faciliter le retour au travail des femmes au foyer, un

programme d'initiation aux métiers non traditionnels et, également, des services externes de main-d'oeuvre en vue de résoudre certaines difficultés particulières d'intégration que peuvent avoir les femmes, d'intégration au marché du travail.

Au printemps 1985, le gouvernement a mené, à l'échelle de tout le Québec, une campagne visant à sensibiliser les femmes à la formation professionnelle et technologique.

De plus, pour répondre aux besoins des femmes, la ministre de la Main-d'oeuvre et de la Sécurité du revenu, madame Marois, a annoncé la mise au point d'une séquence d'interventions destinées à corriger la situation des femmes dans le domaine de la formation professionnelle, à répondre à leurs besoins de formation de base et, également, ce qui est très important, à améliorer leur accessibilité au cours de formation professionnelle.

Cette séquence d'interventions fut incluse d'ailleurs dans un protocole d'ententes fédérales-provinciales.

En troisième lieu, je signale aussi que le gouvernement du Québec a légiféré afin de permettre aux femmes collaboratrices de toucher un salaire de leur conjoint, ce conjoint employeur ayant, par ailleurs, la possibilité de déduire le salaire ainsi versé comme dépense d'exploitation de l'entreprise commerciale, reconnaissant de ce fait la part de la femme collaboratrice, et ça a été fait à l'intérieur de la réforme du Code civil au Québec qui a été entreprise, reconnaissant la part de la femme collaboratrice du mari à l'enrichissement du patrimoine de son conjoint.

On a aussi prévu le droit à une prestation compensatoire en cas de décès ou de divorce. Un groupe de travail, enfin, a été constitué afin de proposer un projet de déclaration volontaire de statut de collaboratrice avec les avantages sociaux qui doivent normalement s'y rattacher.

En quatrième lieu, monsieur le Premier ministre, je veux signaler une mesure prise par le gouvernement du Québec dans son plan de relance pour redresser l'économie du Québec destinée à encourager l'entrepreneurship féminin.

Cette mesure mise en place au ministère de l'Industrie et du Commerce consiste à promouvoir la place des femmes entrepreneurs auprès des instances gouvernementales, des femmes propriétaires dirigeantes d'entreprises et du milieu des affaires.

A cet effet, le ministère a effectué une étude afin d'évaluer l'importance de l'entrepreneurship féminin et depuis ce temps met à la disposition des femmes des ateliers de travail où elles apprennent comment partir une entreprise, pour celles qui y sont intéressées.

Les dernières mesures que je veux souligner favorisent la conciliation entre la vie professionnelle et la vie familiale. Il s'agit notamment de la garde des enfants.

Au cours des dernières années, le Québec a consenti de nombreux efforts pour développer les services de garde. Entre 1978 et 1984, le nombre de places en garderie a plus que doublé, passant de 13,200 quelques places à 27,000 et plus de places.

De plus, récemment, le gouvernement s'est engagé à développer 12,000 nouvelles places en garderie, dont 500 en halte-garderie et 500 dans les jardins d'enfants.

Dans ce processus de diversification des services de garde, un projet expérimental de gardiennage en milieu rural sera aussi mis de l'avant.

Je tiens finalement à vous parler d'une mesure mise sur pied par le gouvernement qui vise à assurer une sécurité économique aux femmes et aux enfants qui vivent une situation de divorce ou, encore, une situation de séparation.

Je fais référence, entre autre, à un service de perception des pensions alimentaires qui a été mis sur pied depuis cinq ans au Québec.

Au cours des trois dernières années, ce service du ministère de la Justice a traité 22,000 demandes et il a perçu pour \$17 millions de pensions alimentaires non versées, chose qui était extrêmement difficile pour les femmes lorsqu'un tel service n'était pas à ce moment-là en opération.

Tenant compte de son intérêt, de ses interventions dans le dossier, le Québec, à la lumière, enfin, des expériences que nous avons faites et du chemin que nous avons parcouru... et loin de moi la pensée de vouloir dire que tout est fait. Au contraire, je pense qu'il y a encore beaucoup à faire, mais vous pouvez être sûr, monsieur le Premier ministre, que le Québec ne peut que donner son appui à la déclaration de principe que les ministres responsables de la condition féminine souhaitent voir adoptée aujourd'hui.

Certains trouveront sans doute ou certaines trouveront sans doute timide ce document qui attire l'attention sur le fait que les problèmes des femmes sont, avant tout, de nature économique, mais il n'est pas question pour nous de sous-estimer quand même le précédent d'une déclaration sur le

sujet tel que nous ferions aujourd'hui et qui serait appuyée par tous les Premiers ministres puisque ce serait historique, comme vous l'avez dit, non seulement qu'un point soit spécifiquement à l'ordre du jour mais qu'en plus de ça nous puissions en venir à l'adoption d'une déclaration quand même de principe.

Cependant, monsieur le Premier ministre, nous nous opposons à la création du groupe de travail parlementaire sur les services de garde que le gouvernement fédéral vient tout juste de créer avant-hier.

Ce groupe, comme vous le savez, a pour mandat d'étudier des sujets aussi précis que les besoins des enfants, la qualité des garderies, le rôle du fédéral en ce domaine pour en aboutir à la mise en place d'une politique nationale sur les services de garde.

Ottawa intervient dans un secteur que le Québec estime être de sa responsabilité, un secteur où, je l'ai dit, nous sommes très actifs. Je pense que nous l'avons démontré.

Le Québec a déjà entrepris d'élaborer des politiques et il a déjà mis sur pied des services de garde diversifiés et également il s'est doté d'un plan de développement.

A vous, monsieur le Premier ministre, qui plaidait, et loquamment hier, en faveur de coupures dans les transferts aux provinces, qui insistait sur l'impossibilité de continuer comme avant, mon collègue des Finances, monsieur Bernard Landry, répondait qu'Ottawa devrait d'abord faire cesser les duplications de services avec les provinces.

Je me permets, pour ma part -- il me semble qu'il y a de quoi à réfléchir -- de vous citer ce bon exemple d'une duplication qui n'existe pas encore vers laquelle Ottawa semble

se diriger allègrement, comme avant.

Dans ce dossier de la condition féminine, le Québec a fait preuve d'un progrès certain. Ce progrès il faut surtout l'attribuer au fait que les Québécoises se sont montrées exigeantes, à juste titre.

Je ne doute pas qu'elles vont continuer à l'être et je souhaite qu'il en soit ainsi même si de nos jours il n'est pas toujours facile pour un gouvernement de répondre généreusement à toutes les demandes qui paraissent légitimes.

C'est pourquoi il faut s'attendre aussi, quoi que nous fassions, à ce que les femmes se montrent critiques avec réalisme à l'égard des actions ou de l'inaction des gouvernements.

En ce qui concerne le cas du Québec, je souhaite seulement que les Québécoises soient bien conscientes, tout en maintenant très élevées les aspirations qu'elles manifestent, des nombreux atouts qu'elles ont déjà en mains et dont personne ne leur a vraiment fait cadeau parce que ces atouts elles les ont gagnés par les énergies qu'elles ont déployées, elles les ont gagnés par leur détermination.

Sur ce sujet de l'amélioration de la condition économique des femmes et de l'amélioration de la condition féminine globalement, nous serons toujours, monsieur le Premier ministre, le Québec -- et je sais que c'est la même chose pour tous mes collègues des autres provinces -- toujours non seulement disposés à en parler, mais disposés à approfondir afin de voir s'il n'y aurait pas... afin de voir les autres gestes concrets et non des déclarations d'intentions, les autres gestes concrets que nous pourrions poser en fonction de l'amélioration de la condition féminine.

Je vous remercie, monsieur le Premier ministre.

LE PRESIDENT: Merci, monsieur Bédard de votre présentation. Monsieur Hatfield, s'il vous plaît.

HON. RICHARD HATFIELD: Prime Minister, I want to begin by saying that this is a historic day in New Brunswick. On the recommendation of your government, a person is being sworn in as a judge of the Federal Court in the Province of New Brunswick. That person is New Brunswick's first woman judge. I want to commend your government for that decision and I want to acknowledge and publicly congratulate Margaret Larlee on becoming a judge in the province of New Brunswick. I know she will be a competent and fair judge.

Prime Minister, it was in May of 1984, I believe, at a meeting of Ministers on the Status of Women, that it was recommended that we mark the end of the decade on the status of women by putting the women and the economy as an item on the agenda at the next First Ministers' Conference on the Economy, which turned out to be, although we did not know at that time, the conference in Regina.

We only made a little progress at Regina. I think we have made more progress at this conference. I think it illustrates that what we set out to do takes a while to get done, but it does get done.

I must say that there is an old saying, "If I had more time, I would write a shorter letter." If I had more time, I would probably say more, but I think Premier Peckford, along with myself and Mr. McLean, who are Ministers responsible for the Status of Women in our respective jurisdictions -- I think it is important that we follow up on Premier Peckford's suggestion that seems to take for granted that women's issues are going to be an item on the agenda for the next First Ministers' Conference on the Economy. I think we should, at that time, be prepared, as respective governments, to table the progress that we have made in the year ahead.

Prime Minister, again, at a meeting in the fall of Ministers responsible for the Status of Women, which I was not able to attend, a strategy or plan of action to improve economic equality for Canadian women was worked out, and I want to congratulate those who attended that meeting and worked it out. I want to say, as head of the government in New Brunswick, j'appuie la stratégie proposée. En particulier je demanderais à la direction générale de la condition féminine du Nouveau-Brunswick d'élaborer, en collaboration avec les ministres du Travail, de l'Enseignement supérieur et de la Formation, un plan d'action visant à améliorer les possibilités de formation et d'emploi pour les femmes. Je demanderais aux ministres du Travail, de l'Enseignement supérieur et de la Formation de déterminer les moyens les plus efficaces pour assurer que des mesures visant à l'égalité sur le marché du travail soient mises de l'avant dans les moyens d'intervention qui s'offrent à eux.

I want to say that I think, again, what is going to happen this afternoon, specifically in New Brunswick, and what has happened here is evidence that we are making progress -- slowly, but we are making progress.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier.

HON. HOWARD PAWLEY: Mr. Prime Minister, would you prefer that we use our entire 10 minutes now or would you -- I have seven minutes on women's issues, I have three minutes for concluding comments. I am wondering about form and process.

THE CHAIRMAN: However you would like, Premier.

HON. HOWARD PAWLEY: Mr. Chairman and fellow Premiers, I wish to express my pleasure at being able to speak briefly on this subject, women's economic issues.

My Deputy Premier, the Honourable Mario Smith, has enjoyed working with the Honourable Walter McLean in bringing this discussion on women's concerns to this conference table. I am appreciative of your own sincere commitment, Mr. Prime Minister, on equality issues and I am proud of Manitoba's on-going role in today's discussion.

At Regina, Manitoba tabled the policy principles for ensuring women's economic equality. This was followed by a meeting in June in Winnipeg of Ministers responsible for the Status of Women and another special meeting in October where a consensus position was hammered out. But even though the October consensus was in some ways historic for Canadian women, the statement is only a small initial step in the elimination of inequities facing women.

As you know, Manitoba was in favour of a stronger statement of principles which, in the long run, would have provided a meaningful framework for action. Action is what is called for to change the unequal conditions faced by women in Canada, action at all levels.

A first important development must be to ensure that women and their problems are visible. For too long the problems of Canadian women have been invisible as have been their unpaid

contributions to society and women have experienced severe economic disadvantages. This situation is not unique to Canada. In Nairobi, at the United Nations End of the Decade Conference for women, the invisibility of women and the work that they do was dramatized.

I was surprised at this information, the estimate that African women were performing 80 per cent of the work, including agricultural work, receiving but 10 per cent of the wealth and owning about one per cent of the property. Along with other forward looking strategies that came out of the Nairobi Conference was a recommendation that statistics on gross national product be expanded to include the work of women so that a true picture of women's productive work could be painted.

Canadian women have not been sharing in equal proportions the wealth, the opportunity Canada promises our citizens and that is well documented. The nature of women's economic issues has never been so pressing, never been so critical as it is today. Yet, despite the documented urgency of the issue, the economic policy and policy-makers by omission or by design continue to render women's contributions invisible. The consequences of ignoring or underestimating the impact of economic policy on women are upon us as they are.

Problems involving poverty of women, women on public assistance, the growing number of female single parents and their children living on unacceptably low incomes. The concentration of women in part time work, which is both lower paid and too often without benefits, the impact of children of these economic facts is growing increasingly severe. We are talking about real people out there: real women, real children. They need economic equality now, training, jobs, pay equity and child care.

While Canadian governments have expressed their commitment to economic equality new policies have not been forthcoming as they ought. In particular, the pressing need for a national child care policy, for new pay equity legislation, both of which were recognized by the 1984 federal Throne Speech, that have not been met with adequate resolve by the policy-makers. The time is ripe for national leadership. I believe the fact that this item is on the agenda that the political will is here now.

Yet, what do we see? Tax changes which, when combined with changes in family allowances, child credits and exemptions, put more of the burden on lower and middle income Canadians while benefitting upper income Canadians. I refer you to the tables in the Manitoba booklet that has just been distributed.

Changing in the funding of training, particularly as it impacts on community colleges, so that some of the positive changes introduced to target women and social assistance may end up being subverted.

Manitoba believes that the challenge of realizing economic equality between women can and must be met. The ways and the means of obtaining this goal can and should be incorporated into co-ordinated federal-provincial efforts to encourage national economic recovery.

Equality cannot be achieved by jurisdictions working alone. We live in an inter-dependent society -- nationally, provincially, internationally -- and a sincere co-ordinated effort is needed to bring about the changes that are needed. This is especially true when an imbalance has been decades, even centuries, in the making. The general statements arising out of our federal-provincial meetings to date must be taken a step further and translated into direct and indirect action. We need to develop and to share documentation on the real economic plight of women. We need a commitment to keep women's economic equality on the First Ministers' Conference agenda for the next five years and, here, I agree with Premier Peckford at the top of the agenda, not at the end of the agenda. We need the development of action plans at all levels but, most important of all, we need national leadership, national commitment to co-ordinate action to achieve economic equality for women. We should all commit ourselves to that today.

In so far as this conference has been concerned, at the outset of the conference, I said that I thought federal-provincial relations had gone off track, that the new era we all want just was not working. But I said that, with some straight

talk, some agreement on follow-up action, Mr. Prime Minister, we could turn the situation around.

Well we have had a lot of talk here in Halifax. A lot of it, I believe, has been constructive and has been frank. I want to thank you particularly, Mr. Prime Minister, for your complimentary remarks about the Manitoba economy and how well the Manitoba economy has been performing.

Yesterday and today, we have heard some persuasive strongly-felt arguments about some of the major issues facing Canada. We are all confirmed again that we want to co-operate, that we want to work together. I know our Finance Ministers will start that work on December 12th as you indicated yesterday, but a lot of fundamental and urgent questions remain unanswered, questions about the issue of tax reform, agriculture, regional economic development, Medicare and obviously, we are disappointed that more was not accomplished.

Our greatest disappointment is that the federal government at this conference has not suspended its plan to cut back unilaterally vital support for Medicare and for post-secondary education. It has not been yet suspended, this cut-back plan, despite the strong concern that has been expressed from virtually every Premier around this table, representing, I believe, just about every region of Canada. But, as far as we are concerned, the Medicare issue is not yet settled. It is far too important. It threatens services which Canadians have worked for generations to build.

Prime Minister, yesterday in your opening statement, you spoke about the need to work at living a true federation. I would add, as Premiers used to say to your predecessor, sir, that

is largely a question of attitude based on trust, on a demonstrated commitment to consultation and to co-operation.

You have heard our concerns; we have heard your concerns, Mr. Prime Minister. Once again, we have reaffirmed our willingness to work in partnership with you to deal with both sets of priorities, to work together on the problems that we share together, to seek fair compromises on the issues where we disagree.

Our agreement here on trade consultation shows that we can move ahead when the will is there.

Prime Minister, this has been a useful conference, as far as it has gone. I regret we were not able to go further, but there should be plenty of opportunities in the months that lie ahead and I hope we can take advantage of those opportunities together.

Before concluding, I want to thank Premier Buchanan and his fine staff that is here with him for the superb and generous and obviously, very Nova Scotia-like hospitality. I want to congratulate you, Mr. Prime Minister, as I did in Regina, on your able chairmanship of this conference. I look forward to speaking with you again, of course, especially after our Finance Ministers have met.

Thank you very much.

THE CHAIRMAN: Maybe I should have left you out there, Howard, with Pat Carney. Thank you, Mr. Premier.

Premier Lee.

HON. JAMES LEE: Mr. Prime Minister, we have prepared a paper, a document, on the economic equality of women and we certainly will table it before we leave here today. This, we feel, Mr. Prime Minister, is a very important topic and because of the time constraints that we have on this conference we certainly would do nothing more than summarize at this particular point.

What I want to do in summarization would be to outline to you and tell you exactly what steps, what action we have taken in the province of Prince Edward Island to ensure economic equality for our women.

First of all, in the last session of the provincial legislature we passed a unanimous resolution which dealt with the issue of economic equality for women and that resolution as well will be tabled here today.

We have also, in recent months, held a conference to address the problem of sexual stereotyping and other conferences and other workshops certainly will be held along that line. We even made a commitment to ensure that all components of our education and training system are free from any discrimination.

Members of the Legislative Assembly and senior civil service employees will be provided with information on employment equality to improve recognition of any discrimination. The province has established a mechanism to ensure that government decisions are based on information which identifies the possible differential impact on certain segments of our population.

Government will endeavour throughout the coming year

to make appointments to Boards and to Commissions that reflect the composition of our population. I am pleased that the federal government is moving on this as well.

For the first time the government has recently established a Women's Directorate within government under the Honourable Leone Bagnall. The Directorate will perform a list of tasks and the primary objective of the Directorate is to initiate, co-ordinate and review the development of policies and programs affecting women.

Economic equality for women is not strictly a women's issue we feel. Consequently the Government of Prince Edward Island full-fledged endorses the achievement and goals of the economic equality for women of Canada. That was outlined in the statement by the Ministers responsible for the Status of Women.

We support the proposed federal-provincial-territorial strategy for labour force equality. This strategy, Mr. Prime Minister, will improve training for women as well as for most ongoing co-operation on labour force equality.

Economic equality for women will be a reality in the future because of our commitment and action that we started some time ago and are continuing here today and I support the recommendation of the Premier of Newfoundland that this item continue on the agenda for further meetings and that its profile be raised and time frame be raised as well so that we can do justice to it and have more opportunity to discuss it fully.

For a moment, Mr. Prime Minister, I want to talk on the other subject that is before us this afternoon, that is regional economic development. It is very important that disparities in our region be removed to achieve that full potential for not only the province but also for Canada. I am pleased at the new spirit of co-operation that has permitted us

to move in that area over the past 14 months and will continue under your leadership. The nine principals that our Ministers of Economic and Regional Development have adopted, I think, are good and certainly will involve all governments in that decision-making.

The province of Prince Edward Island this year in 1985 hosted for the first time the Financial Post Conference. A large number of participants certainly did participate from outside the province and it confirms really what we have been stating as an island province and as Prince Edward Island that we feel we have a great opportunity and plenty to offer for investors that want to look at our province for potential opportunities.

I have often stated around this table and identified that our two major obstacles to growth have been the electrical cost and transportation. As I said yesterday, thanks to the co-operation of the federal government one of these have been alleviated to some extent and will be continued to be worked on over the next couple of years.

But I look forward, Mr. Prime Minister, to similar progress on the very important topic of transportation that has been raised. I must point out that the federal paper on freedom to move, as my Colleague from Newfoundland has stated, causes me as well some concern. I worry about what impact of the philosophy that that paper will mean to an area like Prince Edward Island and in Atlantic Canada in general. Areas where, although the economic rewards may not be all that great but the need for transportation, efficient and effective transportation, is certainly vital to our economic development of the future.

We may not have the traffic or the competition of more populated and developed regions but certainly, Mr. Prime Minister, that does not mean that transportation is any less

important to us. Transportation has always been recognized by us and by Atlantic Canada as a principle of economic development.

I want to state, Mr. Prime Minister, that the recent announcements of increases to CN Marine ferries between our province and the mainland, increases in ferry rates, the cutting of schedules, the cutting of jobs certainly does cause us great problems in Prince Edward Island and to our producers in Prince Edward Island who need that linkage for access to market.

It is interprovincial travel. When we realize that, when we are an island province, we have to pay to get in contact with the mainland; whereas, interprovincial travel between any other provinces, except Newfoundland, does not have to experience that obstacle to growth and to development and to be competitive.

So, we ask, Mr. Prime Minister, that, through you, the CN line and the Minister of Transportation, whom I see here today, recognize this and try to work with us to alleviate that particular problem.

I earlier recommended in my comments yesterday a formal method to address the issue of facing the industry in ensuring that regional needs of the country are met. I hope that proposal will receive further attention as these discussions continue, not only here today but in the future.

In summary, Mr. Prime Minister, I think the conference here today and yesterday was an excellent conference and very useful. It was the first time that we came together under the new agreement signed in Regina, and I look forward to the opportunity to continue these discussions through our Ministers and through you, sir, as First Minister responsible for the Government of Canada, in dealing with and meeting our needs.

THE CHAIRMAN: May I turn now to Mr. Peterson, please?

HON. DAVID PETERSON: Mr. Prime Minister and Colleagues, I thank you for allotting me 10 minutes to make four points that I would like to make.

Number one, may I thank you, sir, for the generous tone in which you have conducted this meeting, for your patience, on occasion. May I say to my Colleagues that, for me, at my first First Ministers' Conference, I appreciate very much the way that everyone, regardless of their point of view on the different

issues -- and we do differ on some issues -- has reached to try to be accommodating and try to work with their colleagues in looking for a national consensus. I have seen a magnanimity of spirit here in spite of strong differences, which I think speaks very well for this country. I thank my Colleagues for that.

John Buchanan, I thank you for your hospitality. I hope we can make you the host again for one of these. You are so good at it, John.

Secondly, I want there to be no misunderstanding, at least from my point of view, about the trade agreement or memorandum, or whatever you call it, that we came to today. Some may say that we have agreed to mere consultation; some may say it is merely a 90-day agreement. That is not my understanding of what we did today.

What we said, and I want this to be on the record, Prime Minister, is that the provinces want full participation, not just consultation. We are, as I have said, entering into a historic step of great magnitude for this country. Lest there be any misunderstanding about it, I just want to repeat my view that we want, not just in the next 90 days, but throughout this entire process, full participation, the bottom line being that the negotiating team will take instructions from the First Ministers. When there are problems, and there will be, it will be the responsibility of this group to clear those log jams, to give the instructions to the officials so that they can carry on.

Ultimately, without an agreement of this group, I cannot imagine any agreement going forward.

I just want to put on the record, sir, my view of what we did today.

Thirdly, as far as I am concerned, sir, we still

have some outstanding business on the EPF transfers. I intend to take the charitable view and say that we will leave this to the Finance Ministers on December 12. I say to you that I am looking for some progress on that particular issue, and I suspect some of my Colleagues are, at the very least, on that matter. I think there is room to move and I think there are ways to take the surprises out of the long-term financial planning. We are sympathetic with the view that you want to reduce the federal deficit; we all share in that goal. There are ways to do it where we can work together, and we are prepared to do so. If we can take the surprises out and if we can involve ourselves in long-term financial planning, I think it will help build the confederation and it will help build strong relationships from which we will all benefit.

My fourth point, Mr. Prime Minister, is that I would like to talk about economic equality for women as something that is very important in the province of Ontario. I am sure my Colleagues are aware that we have involved ourselves in a number of initiatives in the last four or five months that are, in our view, very significant.

We are committed to the principle of employment equity.

For the benefit of my Colleagues, I should tell you that we will be moving quickly on employment equity in the public sector and have just published a Green Paper on pay equity in the private sector. It is complicated. It is a concept we are committed to and we are now involving ourselves in discussions with all elements of the private sector, looking at the various options so we can move ahead together in that regard.

I am encouraged by the strong expression of unanimity at this table, the commitment of the federal government and all of the provinces to rectifying some of the historic inequalities and injustices. To that end, I put forward for your consideration a six-point strategy or six-point program that I think would go some way towards addressing the concerns and, indeed, the conclusions of the Ministers' Conference on this same matter not too long ago.

Number 1: May I suggest a joint public educational campaign is essential. We are responsible to our young people to prepare them for the new economic and social realities in this country, a wider range of career opportunities, emerging occupations, the importance of science, mathematics, education, training requirements, earning potential and new-income family, indeed, elevate the sights of our young people. We can engage in national strategies to do so.

Secondly, I think we could act together as partners in a national small business media campaign. Interestingly enough, some of our most creative entrepreneurs in Canada today are women who are undertaking some risky and exciting adventures. We have to encourage that, tell people about the success stories and share that information with people everywhere.

Number 3: We have a responsibility, I believe,

to strengthen our employment equity measures. As First Ministers, we must commit ourselves to a leadership role in producing results through positive, affirmative action in employment equity programs.

The fourth strategy I would recommend for your consideration is the creation of a comprehensive training access policy for the women of Canada. Both levels of government can set and strive to achieve goals to increase training opportunities for women. Training is one of the major ramps to economic equality. Our individual and joint policies should include child care, industrial training, short-term and on-the-job training among other variables. There is some progress being made in the agreement signed between Flora MacDonald and Sorbara, our Minister, just this last week in that area.

Fifth is the need for an improved personal income taxation system that reflects the social and economic realities of today's family. It may even fit in with Howard Pawley's desire to have a national conference on tax reform when we could take into account in looking at the tax system some of the new realities, the increasing number of women in the labour force, and, particularly, the tax treatment of child care.

The sixth, I would suggest to you, because we are all committed to the principles, I expect, would be to set goals and measure that performance and in doing so, we could have an annual report on women in the economy, we could use the gender equality index, the technology, the knowledge that is there, to measure our progress against the goals we have set for ourselves and I hope, Mr. Prime Minister, that this item will be on our next First Ministers' Conference agenda. I think that we have to come back and prepare to stand the scrutiny of each other and indeed, the nation against our stated objectives and I am certainly

prepared to work with my Colleagues to develop those national goals, working together to bring our hopes and our dreams and our aspirations to reality.

Let me say again, sir, I have enjoyed very much my first First Ministers' Conference. I thank you for your civility as Chairman and I look forward to working with all of you to build a better Canada.

THE CHAIRMAN: Thank you, Mr. Premier. It is nice to welcome the young fellows here.

HON. DAVID PETERSON: I am aging fast.

THE CHAIRMAN: As a not-so-old-timer at it, I know on behalf of all of our Colleagues special greetings were extended to the new participants at the First Ministers' Conferences and that was done with genuine warmth from everyone.

I thank you, Mr. Premier.

Mr. Bennett?

HON. WILLIAM BENNETT: Well, I guess as an old-timer, then, it is an appropriate time for that.

Anyhow, Prime Minister, first of all in dealing with this topic and I guess the wind-up and the topic was to be economic and social development under which we wanted to re-commit our governments to the work done by our Ministers that have been meeting on the Status of Women and the work each province has been doing in meeting our obligations and responsibility for developing equity and equality in the workplace between men and women.

I would like to congratulate you, Prime Minister, on the initiatives you have taken within the federal government in this regard, providing a role of leadership that will encourage all of us to speed up our actions. As Richard Hatfield has said,

we perhaps have moved too slowly and I agree with The Honourable Brian Peckford who suggested that we move this item up to the first place on the next agenda so that we can give it the discussion that it deserves and analyze many of the programs that will bring progress in the various parts of the country that could be achieved.

Premier Peterson mentioned areas in which we are already moving that I think provide unique opportunities for governments to provide assistance and leadership assisting women to become entrepreneurs, something that is happening more and more in the private sector. We have such a program, one that also encourages employers to hire and train women in jobs of non-traditional roles, areas that in every day are requiring some government push and some government incentive and leadership to encourage our people, our employers and others to help make way for what is a change in our society, a growing change--the number of working mothers, single parents--but not just single parents, the number of young families that need two working parents in order to provide in these, particularly as they came out of the recession, difficult times.

So we have developed under our Deputy for Women's Services in the province within the Ministry of Labour, Isabelle Kelly, a number of innovative programs, but I have been impressed with the number of other alternatives that I have heard here and seen developed within the federal government, Prime Minister. Obviously, we will be taking those programs back as well as working towards the spirit of the resolution and the paper that has come out from the Committee on the Status of Women.

However, I would say that, when we talk about economic and social development, there are other groups as well

in our society, our young people, who must, as well, see economic development to see their opportunities.

When we put it all together, economic development and social development go hand in hand. If you do not have a buoyant economy, a growing economy, a diversified economy, you are not going to have a place for men or women or young or old in order to find employment. You are not going to have an economy in which they can find opportunity, not just as employees, but as entrepreneurs and employers and, therefore, economic policy in the words of the late President, John Kennedy; when speaking of economic policy, he said, «The best social policy is a strong economic policy that provides growth and opportunity for everyone, for a rising tide lifts all boats.» It should be our goal in trying to create equality not to move people downwards but to provide an opportunity for everyone to move in and up, young and old, men and women and, therefore, the thrust of this conference, Prime Minister, with its heavy emphasis on economic ways in which we continue to keep economic renewal going.

I was buoyed by the statistics that you quoted about the growth that is taking place in this country. But it is not yet at the level that it can provide and meet the goals we have set in discussing this issue for either men or our young people or women, in finding jobs or having an opportunity to upgrade their skills and get on into a profession or advance their earning capacity or the type of employment they would have.

Therefore, we must redouble our efforts and we must commit ourselves to the goal of building an economy that creates that opportunity. The subjects we have discussed over this conference have touched on that, regional economic development, international trade and a bilateral trade agreement with the United

States. All of these can be instruments of opportunity that do not cost the federal treasury a penny when they are short of money.

Opening up trade talks, opening up opportunities for the private sector with a trade agreement is not going to give you problems with the federal deficit or problems for provincial deficits, but what it is going to give is an opportunity for investment and jobs and economic growth and diversification, which this country must have in all of its regions.

I was pleased that this conference made substantial progress -- and it is more than progress. You know, it is only a very short time ago, Prime Minister, when you had the Summit and you committed to a bilateral agreement with President Reagan, or working towards a comprehensive trade agreement, and later your initiative to the President to begin the talks, and now here we are in our first meeting already having agreed amongst us that the provinces and the Government of Canada will jointly mandate the negotiating team, will jointly as 11 governments set the mandate not on the initial basis but on a continuing basis as we work together in the Canadian interest to provide new training opportunities, which mean investments and jobs for our people.

I was very proud of the first step. A lot of people like to see us fail. It makes better headlines, but I was proud of the first step we made when many people said that because there are differing interests amongst the provinces and the type of economy they have now none of them could get together and cooperate in committee to trade talks, with all of the tensions, all of the differences and all of the difficulties we will have in establishing a Canadian position that we could get together, agree, agree that we, as 11

governments, could establish the mandate for the negotiator, that we, as 11 governments, committed to continue to meet as time goes on to renew that mandate, extend it as it responds to the pressures of demands and counteractions by the U.S.

It is a testimony that these conferences can work, and in the next 90 days I see putting the structure in place. It is no difficult task, with that sort of commitment and where we have all agreed to agree amongst each other at least on the process, at least on the instrument, and how our negotiating team, our Canadian negotiating team made up of 11 governments will work, and I think that is important.

I also think it is important, Prime Minister, that our commitment to a further round of GATT taking advantage of world trade and the opportunities for this country to take a larger part of that trade in building the economic opportunities for the groups that we represent ---

I also think, Prime Minister, that this whole area of economy not only helps people, but there has been some tough debate in here about providing services, whether it is hospital care, education and other, but ultimately the final solution so that governments do not wrangle is to have an economy in which the funds are there, the dollars are there and where we are not faced with a debt that threatens the very goals that we have talked about.

On the other hand, the greatest threat to many of the things -- whether it is jobs for women, jobs for young or any of our economic problems -- an overriding problem remains the size of the federal debt and the growing amount of interest rates that are taken -- interest payments that take a percentage

of our federal and provincial budgets that compete with the ability to help people.

It is a very poor policy indeed to continue to pursue a course of borrowing heavily and creating no opportunities for the young people we talk about protecting now. In ten years from now they will not have the standard of services that our people have now in this country. If we leave them a debt and an interest debt on an annualized basis that they will have to pay, they will not have the services that we and present Canadians enjoy.

That is no great social policy for this country, and therefore, we have to as well out of this conference, as I have stated -- because federal-provincial relations, again, Prime Minister, is a two-way street.

I am willing to share in national opportunities, such as being at the table as part of international negotiations. I am willing to share in national problems when the federal debt and deficit becomes so large that it becomes everybody's business, every government's business, and it is in all our interests to resolve it.

Therefore, I think, Prime Minister, that this conference has had some success and we have achieved something worthwhile, and we do have something to build on. I believe this conference is a watershed.

There have been plenty of chances for it to break out in acrimony. I am, as you mentioned, one of the older serving Premiers in time, and as such, I can remember some of the acrimonious debates. I also remember the new beginnings that started with the Regina Conference.

I believe that we have to build on those. It does not mean we have to agree all the time, but this conference is a watershed for all of us. Either we continue in the type of partnership and discussion that that conference pointed to or we can start moving back to the past when the conferences became the type in which divisions were created by the very fact of having a conference.

There has been disagreement, but I hope we have not been disagreeable. There are differences of opinion, Prime Minister, but I do hope that all of us leave this conference committed to making the partnership work. None of us want to return to the conferences of the past that, in many cases, created many of the problems we are still trying to resolve today.

I hope that that will be the spirit of the conference as we convene in Vancouver next year, Prime Minister, because the conference is slated -- First Ministers -- to be in Vancouver following Expo '86. So, if you have attended, you only have to stay over for a short while, watch the Grey Cup, see it, stay in British Columbia, and then we will have the conference in Vancouver while next year is the year of the Pacific within Canada.

I thank John Buchanan for your hospitality at this conference and I thank my colleagues for the type of discussion that I found very rewarding and which has given me a lot to take back to our government in our pursuit of trying to continue the economic renewal which all of us see happening right now in our country. Thank you.

THE CHAIRMAN: Premier, when I go to Vancouver -- I asked Howard Pawley and he said it is all right if I stay at Pat Carney's. So we will all be out there together in Vancouver for Expo.

Premier Devine.

HON. GRANT DEVINE: Thank you, Mr. Prime Minister. I wanted to make the comment, I really appreciated Bill Bennett's observations in the last two times he has spoken. I can say without hesitation, Bill, you are not getting older, you are getting better.

HON. BILL BENNETT: Will you please tell Audrey that.

HON. GRANT DEVINE: No, I will leave that up to you.

I, too, want to thank John Buchanan. John, you have done an excellent job again, your hospitality is excellent and I would vote for you in terms of whether you host it again and again and again.

Mr. Prime Minister, I want to congratulate you. As Bill has said, there are many who thought that this process would not work. We started it in Regina and it was an historic conference, you set the mood and you set the tone and said we are going to have differences but, by George, we are going to find a way to resolve them. This is precisely, exactly what we are doing today and we have done the last two days. It does work. I came to this conference with two or three major objectives and I said to myself, we have to get something done in agriculture, we have to get something done in trade and I believe there is going to be a consensus with respect to the equality of women and opportunity. You are going to find that here and I am sure in your summary remarks you will touch on it.

I congratulate you again, as I did in Regina. You

have got a process going here, and people can be skeptical all they like, but it works and it is a lot better than the alternative. An awful lot better.

I want to say thank you to my colleagues here for their cooperation and particular thanks to the three new Premiers for their cooperation. They have responded well and they have been constructive and they have spoken very well about their concerns and so forth but, well, they are old hands already and they are doing very well. I appreciate their comments.

What I want to do very briefly Prime Minister is just touch on a couple of things with respect to opportunities for women and close on trade and agriculture. I will be as brief as I can.

With respect to women I want to make one thing very clear. In my view women are not the problem, they are part of the solution and what I mean by that is often it is unfortunate that women issues get confined so often to social categories as opposed to part of all the economic activity and action we can have. In my view they belong in the mainstream of economic development and I appreciated the comments from Premier Hatfield with respect to his remarks on the important role of women in agriculture and that is exactly what I would endorse in terms of that partnership right in the middle of the economy, whether it is in the food business or in the agricultural business, the education business and so forth.

It seems to me that the question is no longer one of allowing women to participate, it is a question: can Canada afford not to have women in the mainstream of our economy. That is the question. We cannot afford not to have them there. They must be, they deserve to be and in Canada under this process, Mr. Prime

Minister, they will be from what I can see.

Women are not just victims. Women should not be pigeon-holed into various kinds of little categories. In my view women are under utilized as a major, major resource in Canada. Women, to me, provide a great Canadian opportunity for growth, a partnership for progress in the objectives we all have for economic development, and particularly in the quality of the labour market participation there is great opportunity. Small business entrepreneurs in the creation of jobs, as many have talked about, and tremendous management skills that have either been overlooked or have not been provided with the opportunities.

My Minister to the left, Pat Smith, gave me a couple of statistics that I found really exciting and interesting with respect to women in business. Forty-seven per cent of the small businesses that are operated by women are successful, after three years, in Canada compared to 25 per cent of the small businesses operated for three years by men. Now, I do not know if that has some -- what the basis for those statistics are but I would say a large part of it shows ingenuity, conscientiousness, not over extending themselves in terms of credit because they all of a sudden figure they can take on the world, but good solid management skills. They are to be congratulated and, again, I see it as a major opportunity and a major resource for this country.

I do not want to leave the impression that there are not problems. We will have to address them and some of them have been raised. To touch on a few: access to credit is too difficult for women and really there is no way to explain that.

New programs of opportunity for businesses that women can develop; public education; career opportunities; and particularly career counselling for young people in high schools, particularly young girls; venture capital and tax incentives for women, or others; obviously, opportunities to be trained even if they are parents, single parents or couples; and provisions for some sort of day care capacity so that they will not miss opportunities to improve their skills.

In Saskatchewan, we will be making announcements with respect to that in the near future.

Mr. Prime Minister, I just want to touch on a couple of other things.

The process you have initiated with respect to dealing with difficult economic and fiscal issues, such as the public debt and interest rates, and so forth -- again, I would say: Do not bypass this process. You have it going; it is working. I am sure you are well-known as a negotiator -- an old negotiator and a good negotiator -- and you are respected for that.

What we have before us is some concern about, obviously, unilateral moves that surprise people.

I would sincerely encourage you. You have designed yourself a fine mechanism for give and take to find that common ground. Once people feel comfortable, they will go to the well with you. I say that because we all have some very big problems to address, and, if we are comfortable and if we are not frightened you will find great cooperation.

In that regard, I believe we have to go back and rank the priorities. Talk to all of us and find out what is important. I would encourage you to look at the tax expenditures and, particularly, the duplication. Obviously, I am excited about public participation. If you want to talk about SaskOil,

I will certainly talk to you about Petro-Canada and the exciting things you can do with those. In my province, it will be very popular.

With respect to trade, I had to think of Peter Lougheed today. Peter, if you are watching on television, Hi, how are you doing? He has to be smiling today. Peter said in Regina, "Mr. Prime Minister, we have to go for it. We do not have a choice. We have to be bold enough and courageous enough to stand up in front of everybody in the world and say we have one of the finest, biggest markets anywhere at any time in the history of man right beside us. Are we going to be too intimidated to try?" Peter says, no, we are going to try; we are going to go for it, and he led the charge.

After some difficult times, we have put together an agreement which will allow us all to participate, and Canadians can know, from coast to coast, how it is going to work. I hope they all know. They will certainly know through their First Ministers.

The very fact that we could reach that at this conference is, in my view, extremely important.

Finally, Mr. Prime Minister, with respect to agriculture, just let me say thank you for putting it on the agenda. That is very important. I do not know when it was ever on the agenda before and discussed by Premiers and Prime Ministers; certainly not for a long time. My career has been in agriculture, both in Ottawa and in the provinces, and so forth, and in fish.

We have the opportunity right now to make some major changes. I wanted to see it on the table; I wanted to see us make a commitment both in terms of looking at emergency programs and debt structuring and trade and new technology and

research, and so forth, and I saw tremendous consensus here and cooperation and a commitment to get on with it. If we want some things available this spring, I do not see any reason, between you and me and the officials we work with, why we cannot do it. I am going home excited about it. Again, I want to thank my colleagues for participating and helping us do that.

Finally, just let me say that those stats that you announced say it all. It is working -- not only this process, but the confidence so that people can pull it out of the sock and say, "I'm going to invest in the farm; I'm going to invest in oil; I'm going to invest in energy; and I'm going to invest in all kinds of things, processing and manufacturing." The numbers speak for themselves. These are the best numbers this country has had in 11 years, after one and a half years of your administration and some cooperation -- not fighting about it, but working together.

Canadians in my part of the country, in Saskatchewan particularly, were tired of the confrontation. They wanted to see cooperation. We will have differences; we always do. But how you work them out is important. You are on a roll, so stick with it.

THE CHAIRMAN: Thank you, Mr. Premier.

Would you like another five or six minutes? We have some time. Who said we were tight for time around here? Howard?

Our friend, Premier Getty who has a by-election coming, and you know how I feel about people who seek the leadership of their political parties without having a seat in the House, Premier Getty has a by-election coming up and he had to leave to catch an Air Canada flight at the end of the day and I know you will allow me the Chairman's privilege of recognizing Mr. Horsman for just a few moments on behalf of Premier Getty.

HON. J. HORSMAN, MINISTER OF INTERGOVERNMENTAL AFFAIRS, ALBERTA: Thank you, Prime Minister and Premiers.

I have been attending First Ministers' Conferences since 1981. This is the first time I had had an opportunity of sitting in this chair and so I rather enjoy it, even though I know it is just for a brief moment or two.

I have been attending these conferences BB and AB, that stands for Before Brian and After Brian and I can assure you that I prefer AB from my observations about the tone and the content of the discussions that have gone on.

I want to say at the outset, too, what a pleasure it is to be able to agree with the Premier of Ontario on behalf of Alberta with respect to the understanding that was arrived at with respect to the trade negotiations and that was also expressed very well, indeed, by Premier Bennett of British Columbia.

Before I get to the subject of women's concerns which our Premier had wished me to deal with, I want to say just a word on the subject of regional economic expansion. In my job as Minister of Intergovernmental Affairs, I have the

opportunity of filling in for my colleagues in other portfolios and I attended along with Premier Hatfield of New Brunswick a Ministers' Meeting on Economic Development. We were quite interested and you, sir, might be perhaps interested in this as well.

The Honourable Sinclair Stevens, your Minister, convened for the first time in the history of this country, at least in memory, a meeting of Ministers of Economic Development. That was AB, after you, sir, came in with the new attitude towards consultation and discussion. Since that time, Ministers of Economic Development have held a number of meetings and they are pledged to continue that process and I want to congratulate you and your Minister, Mr. Stevens, on that approach.

On the subject of women's concerns, I want to be brief in saying that Alberta is encouraged by the great amount of activity and the very real progress in advancing the position of women across Canada. We want to affirm Alberta's commitment to increasing opportunities for the full participation of women in Canada's economy. A number of recent initiatives undertaken by Alberta are aimed at achieving this objective.

As our Premier pointed out in his opening remarks, we are committed to full equality for women in Alberta. We also pointed out that, with 61 percent of its adult women in the work force, Alberta has the highest participation rate of any province. We must, of course, address the challenge of full and equitable fair participation by women in our economy. Of course, we believe that one of the best ways to do that is to focus on training and education.

Prime Minister and Premiers, the paper which was circulated and prepared by the Ministers responsible for the Status

of Women points out some very interesting facts. While it points out some of the difficulties, it also, I suggest, sheds some light on the opportunities for women in the future.

By pointing out that in 1962, while women made up only 31 percent of the university under-graduate enrolment, now in 1983, over half of all university under-graduates are women.

In 1961, only two percent of women between the ages of 25 and 35 had a university degree but, by 1983, fully 14 percent of women in that age group had a degree and the comparable figure for men was 17 percent.

Going on, the paper indicates that in 1983 female students accounted for 42 percent of enrolment in medicine in comparison with only 10 percent in 1961 and 44 percent of in law compared to 5 percent in 1961 and 43 percent in business and commerce, compared with only 7 percent in 1961 and 12 percent in engineering and applied sciences compared with less than 1 percent in 1961.

So when you come forward with tables like this, I am sure five or ten years down the road that picture is going to be changing. So education and training, Prime Minister, are a key element and we pledge ourselves in Alberta to working fully towards improving those opportunities.

Alberta fully supports the contents of the paper, the framework of economic equality for Canadian women. We endorse the statement of commitment for enhanced economic equality and support the adoption of the strategies on training and ongoing cooperation on labour force equality measures.

Alberta will commit the resources required from the Manpower Department to the Women's Secretariat in order to meet these obligations and as part of our Premier's pledge in his

pursuit of the leadership of our party, we will be establishing an Alberta Council of Women early in 1986.

I want to say that I could go on to list a number of items that have been undertaken by our governments but those are a matter of public record, so I will not go through the list which we have available, except to say that I think it might be useful to distribute that to members around the table.

In conclusion, may I say, though, that in our pursuit of economic opportunities for women, we do not forget the social impact of their role in society and the fact that there are many women who choose not to enter the economic field and who choose instead to maintain their role within the family and to raise children. I hope that we do not lose sight of that extremely important role that women have always played and make them--those women who choose not to enter the economic field--in any way inferior in terms of what they are doing in regard to the social and economic life of Canada.

Mr. Prime Minister, may I add my congratulations to those who have so eloquently congratulated you on the way you have chaired this meeting and may I add as well my thanks on behalf of Premier Getty and our delegation to Premier Buchanan and the fine people of Nova Scotia for the excellent hospitality. John, you have always been a good host any time I have visited here and we are looking forward, of course, to seeing the Premiers in Alberta next fall as the host for the Premiers' Conference. Unfortunately, Prime Minister, unless you drop by, you will not be part of that process but you are welcome to drop by and say hello.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Minister.

Our distinguished host, Mr. John Buchanan.

HON. JOHN BUCHANAN: Thank you, Mr. Prime Minister.

It looks like we are just about on time. I am not going to hold us up too long.

Premier Hatfield mentioned the first Judge in New Brunswick. I am very pleased to say we have four women judges on the Bench of Nova Scotia. In addition to that, according to statistics, women are entering the labour force in increasing numbers in Nova Scotia and comprise now two to three per cent higher than the national average.

There was history made in Nova Scotia on Tuesday of this week because on Tuesday of this week the first woman in the history of Nova Scotia, and that even predates Confederation, was sworn into Office as a Member of the Executive Council of Nova Scotia with probably one of the very senior portfolios, the Department of Transportation, and she will now be responsible for looking after gravelling, paving and all of those roads and looking after all of those engineers in the Department of Highways that the men could not look after over the last number of years.

I believe that will go down in history and I am rather pleased, Mr. Prime Minister, that, if for nothing else, I will be remembered in history as inviting the first woman into the Executive Council of Nova Scotia. That makes me rather pleased.

Mr. Prime Minister, I am going to table a report from our Interdepartmental Committee on the Status of Women, but I will summarize very quickly some of the points.

The government is fulfilling its commitment to women's issues. We draw upon the public and private sector for input into the decision-making process through a ministerial portfolio. A brand new Minister right here from the same hometown as your Minister, the Honourable Flora MacDonald, and he will very

ably handle the concerns of women in Nova Scotia: the Nova Scotia Advisory Council of the Status of Women, established and funded by the government; the Interdepartmental Committee on the Status of Women comprised of key civil servants from every department of government, and an official appointed by government to the Policy Board.

A few major issues. In 1983 the Committee on Family Violence was established to coordinate public and private initiatives in this area. We have established six transition houses, a multimedia public information campaign on wife battering is now in its final planning stage. In 1985 we introduced the Adult Protection Act specifically towards those adults who lack the ability to care and fend adequately for themselves in the face of abuse and neglect; there are approximately 8,000 spaces available in the 334 licensed private and non-profit daycare centres in the province with 1,910 spaces and 47 registered daycare centres subsidized by the province; a vocational rehabilitation program for single parents providing assessment, counselling, training and job placement services for single parents receiving family benefits. At present 44 homemaker agencies in Nova Scotia with the introduction of the Home Life Support Program; in 1984 agencies were able to increase their staff by 50 per cent; an Act of 1980, the Nova Scotia Matrimonial Property Act setting forth the basic presumption of equal division of property between spouses upon marriage determination; and in concurrence with the Matrimonial Property Act a Family Maintenance Act has been passed.

Women in Nova Scotia, the Nova Scotia plan of action adopted in 1984 by government, is an important commitment by the Government of Nova Scotia to the fundamental principles of equality for women. Part of the preamble states:

«All persons should enjoy equal rights, opportunities and responsibilities without regard for difference of sex or

marital status and these rights should be protected by law.»

The plan contains 36 wide ranging initiatives designed to improve the status of women in Nova Scotia, makes commitments regarding family, health, education, training, employment and economic development. The plan has been widely distributed and government has asked all Nova Scotians to give it thoughtful attention and contact the gentleman to my right, the Minister responsible.

It is intended that the plan will reflect changing needs and new issues. It is a document intended to be goal oriented while at the same time reflecting the needs of women in Nova Scotia. The Canadian job strategy announced in June by the Honourable Flora MacDonald, your very able Minister from Kingston and the Islands via Nova Scotia, has targetted specific special groups. The major target group is women and we in Nova Scotia are participating.

The Department of Development has been active in encouraging women operating or planning business ventures through our Women's Entrepreneurial Development Program. The achievements of the Government of Nova Scotia are intended to help address the challenges of achieving employment equity. As well, however, the future must be addressed. There still remains the need to create a more positive employment outlook for women in Nova Scotia and thereby increase the growing direct contribution of women to our economy.

In keeping with the requirement to make the most effective use of the combined resources available to women in Nova Scotia, the government will continue to strengthen resources of the Interdepartmental Committee and our Advisory Committee on the Status of Women in conducting research, coordinating government resources and developing communications.

In response to the increasing focus on women's issues and unemployment equity at the international, national and provincial level, the Minister responsible for the Status of Women is investigating through a dialogue with all interested parties the requirements for a Woman Secretariat or Directorate. This whole plan will be tabled so every one of you on your way home tonight can read it in the plan.

Mr. Prime Minister, I have already addressed the need for some new regional development policies in this country. But, specifically, for the need for a new innovative, imaginative Atlantic region development policy quite similar, as I said this morning to the Atlantic Development Board of the late 1950s, early 1960s, dealing specifically with the strengths of the region of the Atlantic provinces and mainly the resources of the Atlantic provinces and using transportation as a key tool of development strategy.

Mr. Prime Minister, in my opinion, and I hear by my colleagues around this table, this has been a most successful conference. There has been cooperation, there has been consensus and that is very important, that is vitally important. And I want to, as others have done, I want to congratulate you, our own genial Nova Scotia educated Chairman and I also want to remind you, sir, when you mentioned by-elections a few minutes ago, remember you had your political start right here in Nova Scotia and Central Nova in a by-election.

Alberta had mentioned a few minutes ago about the A.B. Well, I want to tell you here about two weeks or three weeks ago I met a young lady who told me she was a graduate of St. Francis Xavier University and she said that she was A.M. and I found out that what that means is A.M. is after Mulroney; B.M. is before

Mulroney and M. is at the same time as Mulroney. That is St. F.X. University.

Sir, your very positive attitude, your national perspective on issues and your skill as a Chairman have been the major reasons for the success over the past two days of this Conference and I want to congratulate you on behalf of all Nova Scotians, and thank you.

Nova Scotia has been very honoured to host this First Conference on the Economy by the First Ministers of Canada and I certainly will add this to my long list of firsts for Nova Scotia and I will quote it in many speeches that I will make along with the fact that Nova Scotia had the first permanent settlement in North America at Port Royale when Champlain, Cabot and Suier de Monts, landed there and it is absolutely correct, Premier Hatfield. I tell you why I know it is correct because the New England Governors' Conference Incorporated have a brochure, Port Royale was 1604 and they say the first settlement in the United States was 1620 in New England, therefore we had the first settlement in North America here in Nova Scotia.

HON. BRIAN PECKFORD: 900 A.D., the Norsemen.

HON. JOHN BUCHANAN: That is because some Newfoundlanders buried some artifacts in northern Newfoundland and then they went and they dug them up later and said, lo and behold, we found the first settlement in North America was here.

Mr. Prime Minister, just to conclude, each one of you have been given a pin of the Canada Winter Games commencing in Cape Breton on February 14th through the 28th in 1987. In addition to that each one of you will be presented with a Bluenose tie with a Bluenose pin, and I should mention that the Bluenose has left for Vancouver for Expo '86, we are all aware of

that, it will be tied up in Pat Carney's federal riding and next year when you come to Vancouver Pat Carney, Premier Bennett and I will take you all for a cruise in Vancouver Harbour. Here is a tie for you, sir, the others will be getting theirs.

THE CHAIRMAN: Thank you.

HON. DAVID PETERSON: Any fish you want to sell,
John?

HON. JOHN BUCHANAN: At a price.

Mr. Prime Minister, it has been a great conference.

THE CHAIRMAN: Thank you, Mr. Premier and Colleagues. At this, our first Annual Conference of First Ministers', we were called upon to meet the major objectives out in the memorandum that we signed in Regina when Mr. Devine hosted the event.

Our purpose, as we stipulated, was to review the state of the federation, to consult on major economic and social directions for the country, to plan federal-provincial business for the coming year and coordinate our governments' action on the major issues of the day.

I think we can fairly say that our deliberations have met the objectives of the Annual Conference of First Ministers' so that we have accomplished a good deal during the past two days.

Sur l'état des relations entre nos deux ordres de gouvernement, notre diagnostic est, somme toute, assez semblable. Rien n'étant parfait, chacun de nous y est allé franchement de ses critiques et de ses suggestions pour améliorer les relations entre les provinces et le fédéral.

Certains parlent avec surprise de la «fin». On nous dit «la fin d'une lune de miel». Oui, mais pour moi il n'y a aucune surprise. C'est l'évolution normale d'un état fédéral et des relations entre ses dirigeants.

Au chapitre de l'économie, nous avons constaté qu'une nouvelle confiance a fait jour dans tous les coins du pays, y compris les régions les plus affectées par la profonde récession de 1981-82. Notre stratégie de renouveau économique donne donc des résultats fort concrets. Les données des comptes nationaux pour le troisième trimestre de 1985 devraient redonner

confiance et espérance à tous les Canadiens et Canadiennes.

I think, Colleagues, we have to remain committed to our strategy of economic renewal. The agreement amongst First Ministers on our major economic goals for the months ahead will help our Finance Ministers to coordinate their budgets in order to sustain recovery throughout the country.

The Finance Ministers will meet again in December to pursue their discussions on economic and fiscal issues, including the arrangements and other important issues that were discussed by all of you at this meeting.

The aim of our discussions on the challenges facing our farmers and fishermen was to give the issue the national prominence it deserves and to instruct our governments to proceed on a priority basis to solve these deep-seated structural problems in both of those industries.

The political impetus we have given to the efforts of our Agriculture and Fisheries Ministers will, in my judgment, undoubtedly bring renewed hope to the Canadian men and women who work in these two vital sectors of our economy.

By keeping our sights on the common good of Canada, we managed to take one more important step towards the implementation of our Canadian trade strategy.

This spirit of cooperation was reflected in the agreement on preparations for trade negotiations, which Ministers reached and which First Ministers today endorsed and which should, by no one, be underestimated.

That agreement will guide our joint preparations for trade talks with the United States and for the next round of our GATT negotiations. It will also ensure that the mandate for

these negotiations fully reflects the diversity of regional interests and the concerns of all governments.

It was mentioned parenthetically that we were perhaps spending little less time on the status of women. That turns out not to be the case. In terms of time, the time afforded to this item was indeed no less, if not more, than other agenda items, as it ought to have been, given the sadness that has afflicted this major concern over so many years.

I am confident in regard to the role of women in our society that the joint statements supporting economic equality for women endorsed at this conference and our decision to implement a federal-provincial strategy to ensure the equality of women in occupational training and employment will show that we are serious as First Ministers in our commitment to support Canadian women on their road to equality in all the areas of our national life.

Vous savez, collègues, l'égalité des chances entre Canadiens et Canadiennes habitant les diverses régions du pays est également un objectif sur lequel l'unanimité n'est plus à faire entre nous et, si nous poursuivons les efforts déployés conjointement depuis un an dans le domaine du développement économique et régional, nous allons réussir à mettre plus largement en valeur le potentiel de nos régions et à assurer de plus justes chances aux citoyens et citoyennes de tous les coins du Canada.

Cela dit, je ne voudrais pas du tout être accusé de dépeindre en rose nos débats des deux dernières journées. Des divergences de vues et d'intérêts ont clairement émergé lors de nos discussions publiques aussi bien que privées.

L'important, toutefois, c'est que nous avons réussi à exprimer ces divergences avec civilité dans un climat de respect et de confiance mutuelle. Pratiquer la concertation, ce n'est d'ailleurs pas jouer à l'unisson mais que fait-on aujourd'hui? Nous sommes en train de participer avec maturité au processus de bâtir un pays, c'est aussi simple et aussi compliqué que cela.

Confrontés à des critères exigeants de cette nature, notre première conférence annuelle m'apparaît dont un franc succès. Personnellement, j'en repars enrichi d'une foule d'idées dont je ferai bon usage.

I would like to thank all of the First Ministers for their comments, generosity of their views and their commitment to the superior interests of Canada, to the unity and the growth of this country, the setting aside of some of our, perhaps, more parochial concerns that we must have in the larger interests of Canada, indicating that when we chose in Regina last year--and you have to love Canada, Grant, to have a First Ministers' Conference in Regina in February--and we did, because of part of our commitment to the regions of the country and to make sure that the First Ministers spoke for all the regions. I would like to thank all of the Premiers. I come from Baie Comeau where we know what it really means to have winter in February.

I want to thank all of the leaders for their leadership and their commitment to the principles that we established at our first meeting last year. I would like in a special way to thank John Buchanan and everyone in Nova Scotia and Halifax particularly associated with the Government of Nova Scotia and those associated with the organization of this for the warm and affectionate welcome we have all received here in

Halifax. By creating an atmosphere conducive to dialogue and friendship, you have contributed in a very mighty way to the success of this conference.

Our second annual conference will be in Vancouver next November and I invite John Buchanan, all of his Ministers, to come. In the spirit of Expo '86 which I hope many Canadians will visit and I know they will feel the same sense of excitement that I have felt personally when I first stepped on that site of Expo '67 in Montreal. I felt the same way in August in Vancouver. It is a tremendous instrument of national unity. It is a tremendous sight to see and I know that I welcome all Canadians to join us in Vancouver for that and I am sure that we will find the inspiration and the imagination there to maintain the high level of debate and dialogue that is so important to the growth of our country and to the success of these conferences.

A vous tous, collègues, to all of you, my thanks and good wishes. Thank you.

ANNUAL CONFERENCE OF FIRST MINISTERS

Halifax, Nova Scotia

November 28-29, 1985

AGENDA

1. Review of the state of federal-provincial relations
2. Overview of the economic and fiscal situation
3. Trade
4. Agriculture and fisheries
5. Economic and social development

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

Halifax (Nouvelle-Écosse)

les 28 et 29 novembre 1985

ORDRE DU JOUR

1. Revue des relations fédérales-provinciales
2. Examen de la situation économique et financière
3. Commerce
4. Agriculture et pêches
5. Développement économique et social

ANNUAL CONFERENCE OF FIRST MINISTERS

CONFÉRENCE ANNUELLE DES PREMIERS MINISTRES

November 28-29, 1985

Les 28 et 29 novembre 1985

HALIFAX

List of First Ministers and Ministers
Liste des Premiers ministres et ministresCANADA

The Right Hon. Martin Brian Mulroney
Prime Minister/Premier ministre

CHAIRMAN/PRÉSIDENT

Right Hon. Charles Joseph Clark
Secretary of State for External Affairs/
Secrétaire d'Etat aux Affaires extérieures

Hon. Flora MacDonald
Minister of Employment and Immigration/
Ministre de l'Emploi et de l'Immigration

Hon. John Carnell Crosbie
Minister of Justice and Attorney General of Canada/
Ministre de la Justice et procureur général du Canada

Hon. Elmer MacIntosh MacKay
Minister of National Revenue/
Ministre du Revenu national

Hon. Arthur Jacob Epp
Minister of National Health and Welfare/
Ministre de la Santé nationale et du Bien-être social

Hon. John Wise
Minister of Agriculture/
Ministre de l'Agriculture

Honorable Robert R. de Cotret
Président du Conseil du Trésor/
President of the Treasury Board

Hon. Michael Holcombe Wilson
Minister of Finance/
Ministre des Finances

Hon. Thomas Edward Siddon
Minister of Fisheries and Oceans/
Ministre des Pêches et des Océans

Hon. Walter Franklin McLean
Minister of State (Immigration) and
Minister responsible for the Status of Women/
Ministre d'Etat (Immigration) et
ministre responsable de la condition féminine

Hon. Thomas Michael McMillan
Minister of Environment/
Ministre de l'Environnement

Hon. Patricia Carney
Minister of Energy, Mines and Resources
and Acting Minister of Regional Industrial Expansion/
Ministre de l'Energie, des Mines et des Ressources
et ministre par intérim de l'Expansion industrielle régionale

Honorable Benoît Bouchard
Secrétaire d'Etat du Canada/
Secretary of State of Canada

Honorable Michel Côté
Ministre de la Consommation et des Corporations/
Minister of Consumer and Corporate Affairs

Hon. James Francis Kelleher
Minister for International Trade/
Ministre du Commerce extérieur

Hon. Gerald S. Merrithew
Minister of State (Forestry)/
Ministre d'Etat (Forêts)

Honorable Monique Vézina
Ministre des Relations extérieures/
Minister for External Relations

Hon. Stewart Donald McInnes
Minister of Supply and Services/
Ministre des Approvisionnements et Services

Len Gustafson
Parliamentary Secretary to the Prime Minister/
Secrétaire parlementaire du Premier ministre

ONTARIO

The Hon. David Peterson
Premier

Hon. Robert F. Nixon
Treasurer of Ontario and Minister of Economics

Hon. Hugh P. O'Neil
Minister of Industry, Trade and Technology

Hon. Jack Riddell
Minister of Agriculture and Food

Hon. Gregory Sorbara
Minister of Skills Development

Hon. Ian G. Scott
Attorney General and Minister Responsible for Women's Issues

QUÉBEC

Monsieur Pierre Marc Johnson
Premier ministre

Monsieur Marc-André Bédard
Solliciteur général et vice-premier ministre

Monsieur Bernard Landry
Ministre des Finances

Monsieur Jean Garon
Ministre de l'Agriculture, des Pêcheries et de l'Alimentation

NOVA SCOTIA - NOUVELLE-ÉCOSSE

The Hon. John M. Buchanan
Premier

Hon. Roland J. Thornhill
Minister of Development

Hon. Terence R. B. Donahoe
Minister of Human Resources and Training

Hon. Brian Young
Minister of Labour

Hon. Greg Kerr
Minister of Finance

Hon. Roger S. Bacon
Minister of Agriculture and Marketing

Hon. John G. Leefe
Minister of Fisheries

Hon. Guy LeBlanc
Minister of Environment

NEW BRUNSWICK - NOUVEAU-BRUNSWICK

The Hon. Richard Hatfield
Premier

Hon. Yvon Poitras
Chairman of Board of Management and Acting Minister of Finance

Hon. Fernand G. Dubé
Minister of Commerce and Technology

Hon. James Tucker
Minister of Fisheries

Hon. Hazen Myers
Minister of Agriculture

MANITOBA

The Hon. Howard Pawley
Premier

Hon. Billie Uruski
Minister of Agriculture

Hon. Vic Schroeder
Minister of Finance

Hon. Eugene Kostyra
Minister of Industry, Trade and Technology

Hon. Muriel Smith
Minister Responsible for the Status of Women

BRITISH COLUMBIA - COLOMBIE-BRITANNIQUE

The Hon. William R. Bennett
Premier

PRINCE EDWARD ISLAND - ILE-DU-PRINCE-ÉDOUARD

The Hon. James M. Lee
Premier

Hon. Fred Driscoll
Minister of Energy and Forestry

Hon. Prowse Chappell
Minister of Agriculture

Hon. R.B. Pratt
Minister of Fisheries and Labour

SASKATCHEWAN

The Hon. Grant Devine
Premier

Hon. Bob Andrew
Minister of Finance

Hon. Patricia Smith
Minister of Education and Status of Women

Hon. Lorne Hepworth
Minister of Agriculture

ALBERTA

The Hon. Don R. Getty
Premier

Hon. Lou Hyndman
Provincial Treasurer

Hon. James D. Horsman
Minister of Federal and Intergovernmental Affairs

Hon. LeRoy Fjordbotten
Minister of Agriculture

Hon. Horst A. Schmid
Minister of International Trade

NEWFOUNDLAND - TERRE-NEUVE

The Hon. A. Brian Peckford
Premier

Hon. Charles Power
Minister of Career Development and Advanced Studies

Hon. Robert Aylward
Minister of Rural, Agriculture and Northern Development

Hon. Gerald R. Ottenheimer
Minister for Intergovernmental Affairs

Hon. Hal Barrett
Minister of Development

Hon. John Collins
Minister of Finance

Hon. Tom Rideout
Minister of Fisheries

CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT
SECRÉTARIAT DES CONFÉRENCES INTERGOUVERNEMENTALES CANADIENNES

Stuart MacKinnon
Secretary/Secrétaire

PREPARING FOR TRADE NEGOTIATIONS

The Ministers agreed to the principle of full provincial participation in the forthcoming trade negotiations between Canada and the United States, and in the GATT.

The Canada-US negotiations are now in their preparatory phase. During that phase, the Ministers agreed to give effect, within the next 90 days, to the principle of full provincial participation through, among other things:

- establishing a common basis of facts and analysis;
- each province and the federal government setting out their objectives for the negotiations;
- establishing an agreed view of the obstacles to the achievement of these objectives that may exist in the United States.

The Ministers agreed further that this preparatory work should include the determination of how best to give effect to the principle of full provincial participation in subsequent phases of the negotiations; and that the work might be accomplished, among other ways, through holding further meetings at the level of Ministers or First Ministers if necessary.

Đến nay, chúng ta đã có một số thành quả đáng kể trong công tác nghiên cứu và ứng dụng công nghệ thông tin trong lĩnh vực y tế. Tuy nhiên, để đạt được những kết quả tốt hơn, chúng ta cần tiếp tục đầu tư và nghiên cứu sâu sắc hơn nữa. Trong thời gian tới, chúng ta sẽ tiếp tục tập trung vào việc nâng cao chất lượng dịch vụ y tế, đồng thời đẩy mạnh công tác nghiên cứu và ứng dụng công nghệ thông tin trong lĩnh vực y tế. Chúng ta cũng sẽ tiếp tục hợp tác với các đối tác trong và ngoài nước để cùng nhau phát triển lĩnh vực này.

PRÉPARATIFS EN VUE DES NÉGOCIATIONS COMMERCIALES

Les ministres sont convenus du principe d'une pleine participation des provinces aux futures négociations entre le Canada et les États-Unis et aux négociations du GATT.

Les négociations canado-américaines en sont à l'étape préparatoire. Durant cette étape, les ministres sont convenus de donner effet dans les 90 jours qui viennent au principe d'une pleine participation des provinces, et notamment:

- de constituer une base commune de documentation et d'analyses;
- d'énoncer les objectifs propres à chaque province et au gouvernement fédéral en prévision des négociations;
- de déterminer les obstacles à la réalisation de ces objectifs qui pourraient exister aux États-Unis.

Les ministres sont en outre convenus qu'au cours des travaux préparatoires, il faudra déterminer la meilleure façon de donner effet au principe de la pleine participation des provinces aux étapes ultérieures des négociations et que cela pourrait se faire notamment par la tenue de nouvelles rencontres au niveau des ministres et même des premiers ministres, s'il le faut.

